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LEASE AND OPERATING AGREEMENT

BETWEEN



PHILADELPHIA PORT CORPORATION

AND

HOLT CARGO SYSTEMS, INC.

FOR

PACKER AVENUE MARINE TERMINAL

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THIS AGREEMENT, made this 30th day of March, 1989, by
and between PHILADELPHIA PORT CORPORATION, a Pennsylvania
nonprofit corporation ("PPC"), and HOLT CARGO SYSTEMS, INC., a
Delaware corporation ("HOLT"),

WITNESSETH:

WHEREAS, the City of Philadelphia (the "City") owns in
fee a portion of certain port facilities known as Packer Avenue
Marine Terminal (the entirety of the Packer Avenue Marine
Terminal is hereinafter referred to as the "Port Facilities"),
and the City and the General State Authority ("GSA"), a public
corporation and governmental instrumentality of the Commonwealth
of Pennsylvania (the "Commonwealth") owned in fee as tenants in
common the balance of the Port Facilities (the City's and GSA's
interest being 516/1000ths and 484/1000ths respectively); and

WHEREAS, GSA leased its interest in the Port Facilities
to the Commonwealth pursuant to that certain Lease dated
December 6, 1967, and the Commonwealth, pursuant to that certain
Sublease Agreement dated April 1, 1977, subleased its interest in
the Port Facilities to the City (the "Commonwealth Sublease");
and

WHEREAS, the Commonwealth has equitable title and
succeeded to the contractual interests of the GSA in and to the
Port Facilities and the Commonwealth is empowered to act on
behalf of the GSA; and

WHEREAS, PPC is the tenant of the Port Facilities under
two certain lease agreements with the City described as follows:

that certain Lease Agreement made May 24, 1966, effective as of October 1, 1965, as amended (the "Consolidated Lease"), and that certain (ii) Port Improvements and Lease Agreement dated September 23, 1966, as amended (the "Port Improvements Lease"); and

WHEREAS, PPC is authorized to enter into leases, operating agreements and other agreements with respect to the Port Facilities; and

WHEREAS, PPC desires to lease a portion of the Port Facilities (the "Terminal") to a terminal operator and to designate such operator as the exclusive terminal operator for the Terminal, which operator also shall be entitled to provide stevedoring services at the Terminal on a nonexclusive basis; and

WHEREAS, HOLT represents that it has the skill and expertise to perform said terminal operating and stevedoring services, and desires to perform said services pursuant to the terms of this Agreement; and

WHEREAS, the Commonwealth and the City have consented to PPC's entering into a lease and operating agreement with HOLT with respect to the Terminal, and are joining in this Agreement for the limited purposes set forth on the signature page hereof.

NOW, THEREFORE, in consideration of the mutual terms, covenants, provisions and conditions herein set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

LEASE AND USE OF TERMINAL

1.1 Terminal; Lease; License. (a) The "Terminal" as used herein refers to that portion of the Port Facilities outlined in red on Exhibit A attached hereto, including all buildings, fixtures and structures located thereon, as the same may be subsequently modified pursuant to Section 7.8 hereof. The Terminal specifically excludes (i) that portion of the Port Facilities (the "NOCS Premises") shown on Exhibit A leased to NOCS North Atlantic Cold Storage and Warehouse Co., Inc. ("NOCS") pursuant to a lease agreement dated October 4, 1988 between PPC and NOCS (the "NOCS Lease"), and (ii) that portion of the Port Facilities shown on Exhibit A known as Building #6 and Berth #6, leased to Delaware River Stevedores, Inc. ("DRS"), as successor by merger to Delaware Operating Company ("DOC"), pursuant to a lease agreement dated July 31, 1987 between PPC and DOC (the "Berth #6 Lease"). This Agreement is subject to (i) until October 1, 1989, a nonexclusive right to use Berth #5, as shown on Exhibit A hereto, in favor of DRS, as set forth in the Berth #6 Lease; (ii) certain rights granted to NOCS as set forth in Article 22 hereof; (iii) easements, agreements and restrictions of record; (iv) easements visible upon the ground; (v) trackage rights of railroad companies; and (vi) easements granted to NOCS under the NOCS Lease. PPC warrants and represents that the matters set forth in (iii) through (v) above

will not unreasonably interfere with the use or enjoyment of the Terminal as a marine terminal as contemplated by this Agreement.

(b) PPC hereby leases the Terminal (with the exception of Berth #5) and the PPC Cranes, as hereinafter defined, to HOLT, and HOLT hereby leases the Terminal (with the exception of Berth #5) and the PPC Cranes from PPC, subject to the terms and conditions hereof. Effective October 1, 1989, Berth #5 shall be included within the premises leased hereunder.

(c) Until October 1, 1989, PPC grants HOLT a license to use Berth #5 on a nonexclusive basis with DRS under the Berth #6 Lease. PPC agrees not to lease or license the use of Berth #5 to any other party during the Term of this Agreement, except to the extent expressly contemplated by Section 1.6(d) of this Agreement.

(d) It is the intent of the parties that HOLT, subject to the terms and conditions hereof, shall be the exclusive public marine terminal operator at the Terminal, which shall be operated and used by HOLT in a competent, efficient and first-class manner, to accommodate shipping of containerized, bulk and breakbulk cargo through the Terminal by water, rail and truck, and to facilitate the provision of stevedoring services at the Terminal by HOLT and others desiring to perform such stevedoring services, all as specifically described herein.

1.2 Independent Contractor. HOLT shall be an independent contractor in the performance of its obligations under this Agreement. Any employees of HOLT who perform the

terminal operations shall be the employees of HOLT solely, and PPC shall not be a joint employer of any of HOLT's employees. In addition, any employees of any stevedoring company which shall perform any services at the Terminal shall not be the employees of PPC, and any employees of any stevedoring company other than HOLT which shall perform any services at the Terminal shall not be the employees of HOLT. To that end, subject to the Terminal Rules, as hereinafter defined, HOLT and any stevedoring company shall have the exclusive right and duty to supervise and direct the day-to-day activities of their respective employees, including without limitation, the responsibility to determine and pay their wages and any benefits, to fulfill all applicable requirements under any collective bargaining agreements and to pay all federal, state and local taxes or contributions imposed or required under unemployment, workers' compensation, social security, wage and income tax laws with respect to them. There shall be no direct or indirect participation by PPC in any employee relations matter concerning those persons employed to perform terminal or stevedoring operations, and there shall be no direct or indirect participation by HOLT in any employee relations matter concerning those persons employed by other stevedoring companies to perform stevedoring operations.

1.3 Use. (a) The primary use of the Terminal and to the extent applicable, the Cranes, as hereinafter defined, shall be as a marine terminal, which is hereby defined as a facility for: (1) the docking and mooring of vessels; (2) the receipt,

assembling, distributing, moving, loading and unloading of merchandise, goods, and cargo in containers, bulk and breakbulk into and from such vessels; and (3) uses incidental thereto. Other permitted uses shall be the providing of berth space and/or terminal services to vessels of all kinds; the consolidating, stuffing and stripping, storing and warehousing of merchandise, goods and cargo; transferring merchandise, goods and cargo to, from and between cargo vessels of all kinds, trucks and railcars; ancillary office activities; and marine activities similar to the foregoing.

(b) HOLT shall not use or permit the Terminal to be used in whole or in part during the Term of this Agreement for any purpose other than as hereinabove set forth, except with the prior written consent of PPC. HOLT expressly agrees that it shall not use the Terminal for any use in violation of any present or future laws, orders, ordinances, judgments, decrees, general rules, regulations or the like of any public or federal, state or local governmental authority at any time applicable thereto, including but not limited to, the Commonwealth and the City, and including but not limited to laws, rules, regulations, statutes and ordinances relating to the public health, safety or welfare, or use of the Terminal. HOLT hereby expressly agrees at all times during the Term of this Agreement, at its own cost except as expressly provided in this Agreement, to operate the Terminal in compliance with any and all present and future laws, ordinances and general rules or regulations of any public or

governmental authority now or at any time in force during the Term of this Agreement, and to pay and save PPC harmless from all penalties, fines, damages or costs resulting from HOLT's failure to do so.

1.4 Berthing of Vessels. Notwithstanding any other provisions of this Agreement, on and after October 1, 1989, vessels which are primarily berthed at the adjacent PPC marine terminal facility at Berth #6 shall be permitted to extend into the Terminal so long as such use does not interfere, as determined by the PPC Field Representative, as hereinafter defined, with the operations of HOLT as herein authorized, and vessels that are primarily berthed at the Terminal shall be permitted to extend into the adjacent PPC marine terminal facility at Berth #6 so long as such use does not interfere, as determined by the PPC Field Representative, with the operations of such facility.

1.5 Nonexclusive Stevedoring. PPC hereby grants to HOLT a nonexclusive right to use the Terminal for stevedoring services. Except as set forth in Section 1.6, HOLT's right to use the Terminal for such purposes shall only be equal to and no greater than the rights of other providers of stevedoring services as set forth in this Agreement. Subject to the terms and conditions of this Agreement, HOLT shall permit steamship lines and other users to select and contract with companies to perform stevedoring services at the Terminal. Each company performing stevedoring services at the Terminal shall be required

to agree to be bound by the Terminal Rules. HOLT may from time to time provide stevedoring services at the Terminal; however, nothing contained in this Agreement shall be deemed a grant by PPC to HOLT of any exclusive right to perform such stevedoring services. PPC and HOLT agree that other users shall be granted the right to perform stevedoring services at the Terminal, including the right to the benefit of the use the improvements thereon located and the Cranes, subject to the terms of this Agreement and the Terminal Rules.

1.6 Terminal Rules and Operations. With the consultation of the Advisory Board, as hereinafter defined, PPC and HOLT shall establish from time to time reasonable rules governing the operation of the Terminal, including but not limited to the minimal qualifications for stevedoring companies to provide services at the Terminal, the conduct and performance of stevedoring companies performing stevedoring services at the Terminal, the equitable and fair treatment of all users and customers at the Terminal, and the relationship between HOLT and stevedoring companies and other users of the Terminal (the "Terminal Rules"). The current Terminal Rules are set forth in Exhibit B attached hereto and made a part hereof. Any amendment to the Terminal Rules shall be treated as an amendment to Exhibit B of this Agreement and shall be filed with the FMC before such amendment becomes effective. As between PPC and HOLT in the event of any inconsistency between this Agreement and the Terminal Rules, this Agreement shall control. Any and all

stevedoring companies, including without limitation HOLT, desiring to perform stevedoring services at the Terminal must satisfy PPC's stevedoring registration requirements, and HOLT shall not permit unregistered stevedoring companies to use the Terminal. PPC shall notify HOLT in writing from time to time of all stevedoring companies which at such time satisfy PPC's stevedoring registration requirement and are registered, and shall promptly notify HOLT in writing of any stevedoring company which ceases to be registered. HOLT shall be entitled to rely on such registration information. HOLT's stevedoring registration, which is hereby granted, shall be irrevocable so long as HOLT is the Terminal operator, and, if another party is permitted by the terms hereof to succeed to and does succeed to the position of HOLT as Terminal operator, such party's stevedoring registration shall be irrevocable so long as it is the Terminal operator.

(a) HOLT, as the terminal operator, shall charge terminal users, with respect to matters covered by such tariff, in accordance with the Port of Philadelphia Marine Terminal Association ("PMTA") tariff as is in effect from time to time, or a similar published tariff agreed upon by HOLT and PPC. In addition, HOLT shall make public and maintain a schedule of terminal services which sets forth all rates to be charged Terminal users on a non-discriminatory basis for matters not covered by the tariff. The schedule made public and maintained by HOLT shall establish rates at reasonable industry standards for similar terminal services at similar terminals. The tariff

in effect at the Terminal shall be universally and equally applied to all Terminal users regardless of the stevedoring company engaged by such users.

(b) HOLT represents and warrants that it currently is a party to the PMTA tariff for its Gloucester, New Jersey Terminal. HOLT agrees and covenants that none of the rates, terms and conditions of the tariff in effect from time to time at its Gloucester terminal shall differ from such rates, terms and conditions applicable to the same services in effect from time to time at the Terminal, in accordance with Section 1.6(a) above.

(c) HOLT shall operate the Terminal gate at all times in an equitable and non-prejudicial manner to assure, subject to the Terminal Rules, open and equal access in, to, through and upon the Terminal by all steamship lines, carriers, and/or their agents and others picking up or delivering cargo and/or equipment in connection with steamship lines and/or carriers calling at the Terminal or other lessees of other portions of the Port Facilities in accordance with their respective leases in effect on the date hereof, as to NOCS in accordance with Section 22.1, or this Agreement. Notwithstanding the above, scheduling and lane arrangement may occasionally be performed in a preferential manner by HOLT so as to accommodate special volume movements of cargo, including without limitation in-transit moves, upon prior notice to the PPC Field Representative.

(d) HOLT shall operate the Terminal at all times in an equitable and non-prejudicial manner, to assure, subject to the Terminal Rules, open and equal access in, to, through and upon the Terminal by all stevedoring companies, ship chandlers, steamship lines, carriers and their respective employees, contractors and agents present at the Terminal in connection with services they have been requested to perform for steamship lines and/or carriers calling at the Terminal or other lessees of other portions of the Port Facilities in accordance with their respective leases in effect on the date hereof, as to NOCS in accordance with Section 22.1, or this Agreement.

(e) HOLT shall operate the Terminal at all times in a manner to assure an open stevedoring system at the Terminal, including without limitation the fair allocation and provision of HOLT's terminal services (including without limitation services involved in the transfer of cargo between HOLT and any stevedoring company) to all Terminal users, and the fair allocation and provision of HOLT's stevedoring handling equipment, to the extent not reasonably anticipated to be used by HOLT prior to the other user's finishing its need therefor and to the extent otherwise available, regardless of the steamship line or stevedoring company involved.

(f) HOLT agrees, and the Terminal Rules shall provide that as between HOLT and the attending stevedoring company to the extent either has responsibility therefor under the Terminal Tariff, for discharge operations of container, bulk

and breakbulk cargo, the care, custody and control of such cargo shall be transferred to HOLT from the attending stevedoring company at such time as the cargo is placed at the first point of rest, away from the pier or apron, at the Terminal. HOLT shall designate to steamship lines and to their attending stevedoring company, prior to or concurrently with the discharge of such cargo, an area at the Terminal to be used for the staging of such cargo. HOLT shall determine and designate all such staging areas in a fair and reasonable manner. As between HOLT and the attending stevedoring company to the extent either has responsibility therefor under the Terminal Tariff, with respect to the loading operations of container, bulk and breakbulk cargo, the care, custody and control of such cargo shall be transferred to the attending stevedoring company from HOLT at such time as the attending stevedoring company moves the cargo out of the designated staging area for the purpose of loading such cargo onto a vessel. Notwithstanding any provisions of this Subsection (f) to the contrary, the Terminal Rules shall provide that HOLT and any stevedoring company may enter into mutually satisfactory alternative arrangements with respect to the subject matter of this Section 1.6(f).

(g) HOLT shall without charge permit any stevedoring company during such times as such stevedoring company is performing services at the Terminal in connection with a vessel being loaded or discharged at the Terminal the right to use temporary office space (acceptable to PPC) and restrooms

existing at the Terminal in accordance with the Terminal Rules. HOLT shall, at its sole cost and expense, provide in-terminal telephone service to stevedoring companies working the Terminal in accordance with the Terminal Rules. HOLT shall permit the installation and use of telephones for off-terminal calls, at no cost or expense to HOLT, in accordance with the Terminal Rules. HOLT shall provide at the Terminal an area or areas for stevedoring companies for both storage of equipment and gear and minor maintenance on a non-prejudicial basis at reasonable industry rates, terms and conditions and in accordance with the Terminal Rules. PPC shall provide a fence with gates capable of being locked for all such areas. HOLT shall make equally available to any steamship lines, and/or any such steamship line's agents, access to the computer generated container control and management information system, in accordance with the Terminal Rules and at prevailing industry rates.

(h) HOLT shall accommodate and satisfy to the extent possible (if it is commercially reasonable to do so), on an as requested basis and at rates agreed to in writing, all reasonable requests by steamship lines, carriers and/or their agents, for occasional special arrangements, including without limitation, late gate hours, bob-tail lanes, and direct access to the apron for late arrivals of cargo.

(i) HOLT shall provide to the PPC Field Representative written schedules of vessels projected to be calling at the Terminal ("Vessel Schedules"). The Vessel

Schedules shall be in a format satisfactory to HOLT and the PPC Field Representative and shall include for each vessel, without limitation, the name of the steamship line or carrier, the name of the vessel, the type of cargo (i.e., container or breakbulk), and the projected date of arrival, and for each Vessel Schedule for the next days' arrivals the Vessel Schedule shall also include the estimated cargo volumes, the vessel's estimated time of arrival at and departure from the Terminal, the projected berth at which the vessel will be docked, and the projected time and specific identities of each of the PPC Cranes and/or the HOLT Cranes that will be employed in connection with such vessel. HOLT shall deliver a Vessel Schedule for each day of the Term of this Agreement to the PPC Field Representative one week in advance of each such day, and HOLT shall deliver daily updated Vessel Schedules to the PPC Field Representative the day prior to such day, in both cases between 8:00 a.m. and 10:00 a.m. The PPC Field Representative shall, by 2:00 p.m. of the day in which he or she receives a Vessel Schedule, either approve such Vessel Schedule by countersigning the Vessel Schedule, or disapprove such Vessel Schedule in the event that any questions, conflicts or disputes arise as to such Vessel Schedule, with appropriate notations thereon and, in either such event, returning the same to HOLT's terminal manager or the terminal manager's office. In making such determinations the PPC Field Representative shall take into account, among other things, the customers' interest, safety issues and the capacity of various portions of the

Terminal. If the PPC Field Representative fails to notify HOLT of his or her approval or disapproval of any such Vessel Schedule by 2:00 p.m. in the manner set forth in the preceding sentence, such Vessel Schedule shall be deemed approved. If the PPC Field Representative disapproves any Vessel Schedule, he or she shall consult with HOLT's terminal manager and such other interested parties as he or she deems appropriate. After such consultation, HOLT shall make such adjustments, if any, as are required by the PPC Field Representative and shall provide PPC with a revised Vessel Schedule showing such revisions. HOLT shall cause all vessels calling at the Terminal to be berthed in accordance with the final Vessel Schedule for the appropriate day approved by the PPC Field Representative.

1.7 PPC Field Representative. PPC shall have the right to have present at the Terminal at all times a field representative (the "PPC Field Representative"). At no cost or expense to PPC, HOLT shall provide the PPC Field Representative with sufficient and secure office space (acceptable to PPC) and access to restrooms at the Terminal to carry out his or her responsibilities. HOLT shall, at its sole cost and expense, provide in-terminal telephone service to the PPC Field Representative. PPC shall have the right to install and operate a telephone system and line upon the Terminal, at PPC's sole cost and expense, for use by PPC and the PPC Field Representative. PPC shall be responsible for the maintenance and repair of such telephone system and line. HOLT hereby agrees that PPC, through

the PPC Field Representative, (a) shall be the sole and final arbiter of any and all questions, conflicts or disputes arising at the Terminal between HOLT and any steamship line, stevedoring company or other user, which questions, conflicts or disputes are governed by the Terminal Rules, including without limitation berthing rights, Crane availability and use, stevedoring services, terminal charges, availability of HOLT's stevedoring equipment, the allocation and provision of terminal services, staging areas and gate services (including without limitation preferential accommodations for volume movements), and the flow of cargo to and from the NOCS Premises, and (b) may direct HOLT to cease any noncompliance by HOLT with the Terminal Rules.

1.8 Operations to Maximize Use. HOLT understands that the Terminal has limited space for the handling of containers and other marine cargo and that unless the use of space devoted to the handling of containers and other marine cargo at the Terminal is maximized, the Terminal will not be able to accommodate new or incremental marine business. Therefore, HOLT agrees to conduct its operations at the Terminal at all times in such a commercially reasonable way as to maximize the use of the Terminal, and to allow to the maximum extent possible for the use of the Terminal by other users consistent with the terms of this Agreement.

1.9 Intentionally Omitted.

1.10 Title; Quiet Enjoyment. PPC represents and warrants that: (a) the Commonwealth Sublease has not been modified or amended on the date hereof, and that a true and correct copy of the Commonwealth Sublease has been delivered to HOLT prior to the date hereof; (b) the Consolidated Lease has been amended by Amendment No. 1 dated as of October 1, 1965, made December 2, 1968, by a Second Amendment effective as of May 18, 1979, made June 25, 1980, by a Third Amendment made and effective May 1, 1981, by a Fourth Amendment made July 1, 1983, by a Fifth Amendment dated April 1, 1984, by a Sixth Amendment dated November 20, 1985, by an authorized but not executed seventh amendment (which does not affect the Terminal), and by an Eighth Amendment dated October 5, 1987, and has not been further modified or amended on the date hereof, and that a true and correct copy of the Consolidated Lease, as so amended, has been delivered to HOLT prior to the date hereof; (c) the Port Improvements Lease has been amended by Amendment dated as of December 23, 1966, by Agreement dated July 31, 1967, by Amendment dated May 31, 1971 and by Amendment dated September 2, 1975, and has not been further modified or amended on the date hereof, and that a true and correct copy of the Port Improvements Lease, as so amended, has been delivered to HOLT prior to the date hereof; (d) the NOCS Lease has not been modified or amended on the date hereof, and a true and correct copy of the NOCS Lease has been delivered to HOLT prior to the date hereof; and (e) the Berth #6 Lease has not been modified or amended on the date hereof, and a

true and correct copy of the Berth #6 Lease has been delivered to HOLT prior to the date hereof. PPC represents and warrants that, subject only to the matters referred to in Section 1.1 and this Section 1.10, it has good and marketable title to its leasehold in and to the Terminal and to all fixtures and other property located at the Terminal on the date hereof, including the PPC Cranes, but excluding all other container-handling equipment such as tractors, forklifts, chassis and top loaders owned by lessees or users of portions of the Port Facilities. PPC covenants that so long as HOLT observes and performs all of the covenants, terms and conditions to be observed and performed by HOLT under this Agreement, HOLT shall peaceably and quietly hold and enjoy the Terminal pursuant to this Agreement for the term hereby demised.

1.11 Non-Disturbance. Each of the City and the Commonwealth, by joining in this Agreement for the limited purposes set forth on the signature page hereof, as fee and leasehold owner of the Terminal, as their respective interests may appear, agree that, notwithstanding any breach or default by PPC under the Consolidated Lease and/or the Port Improvements Lease, or any termination or expiration of the Consolidated Lease and/or the Port Improvements Lease prior to the end of the Term hereof, or any breach or default by the City under the Commonwealth Sublease, or any termination or expiration of the Commonwealth Sublease prior to the end of the Term hereof, or any breach or default by any other party under any other lease or agreement upon which HOLT's title to the Terminal depends, or any

termination or expiration of any such lease or agreement prior to the end of the Term hereof, provided that HOLT is not in default hereunder, the City and Commonwealth, as the case may be, and their respective successors or assigns, shall not disturb HOLT's possession of the Terminal pursuant to the covenants, terms and conditions of this Agreement, provided that upon any termination or expiration of the Consolidated Lease, the Port Improvements Lease and/or the Commonwealth Sublease, HOLT shall, upon request by the Commonwealth or the City, as the case may be, attorn to the City or the Commonwealth, or their respective successors or assigns, as directed by such parties, whereupon this Agreement shall become a lease and operating agreement between HOLT and such party.

1.12 Estoppel Certificates. Each of PPC and HOLT, at any time from time to time upon the written request of the other of them (the "Requesting Party"), shall within fifteen (15) days of the date of such written request, execute and deliver to the Requesting Party a written statement:

(a) confirming the commencement and expiration dates of this Agreement;

(b) certifying that this Agreement is in full force and effect and has not been modified, assigned, supplemented or amended except by such writings as shall be stated;

(c) certifying that all conditions and agreements under this Agreement to be satisfied or performed by the

Requesting Party have been satisfied and performed except as shall be stated;

(d) certifying that the Requesting Party is not in breach or default under this Agreement and there are no defenses or offsets against the enforcement of this Agreement by the Requesting Party except as shall be stated;

(e) stating the date through which the Base Compensation, as hereinafter defined, and all other sums payable hereunder have been paid; and

(f) providing any other information which the Requesting Party shall reasonably request.

1.13 Zoning and Other Permits. PPC represents and warrants that the use of the Terminal as a marine terminal as contemplated by this Agreement is a permitted use of the Terminal pursuant to the Philadelphia Zoning Code. PPC makes no other warranty or representation with respect to the use or condition of the Terminal except as expressly stated herein.

1.14 Stevedoring Companies. It is within the contemplation of both parties that stevedoring companies other than HOLT shall be performing stevedoring services at the Terminal or on vessels berthed at the Terminal. As between HOLT and PPC, and notwithstanding the "registration" of such stevedoring companies by or with PPC, such stevedoring companies shall not, absent independent cause therefor, be deemed to be invitees, business guests, licensees, or agents of either HOLT or PPC, and, absent independent cause therefor and except to the

extent provided to the contrary in Sections 6.1 and 10.1, neither HOLT nor PPC shall be responsible to the other for any acts of any such stevedoring companies.

ARTICLE II

EFFECTIVE DATE; TERM

2.1 Effective Date. This Agreement shall become effective on the last to occur of (i) April 1, 1989, (ii) the date an executed copy of this Agreement is filed with the FMC in accordance with the Shipping Act of 1984, and (iii) the date that both the City and the Commonwealth grant their written approval and join herein for the purposes set forth on the signature pages of this Agreement (hereinafter the "Effective Date"). PPC shall cause this Agreement to be filed with the FMC promptly following execution. In the event that either the City or the Commonwealth fails to provide such written approval or joinder within ten (10) business days of the execution of this Agreement, either PPC or HOLT may terminate this Agreement by notice as provided herein.

2.2 Term. This Agreement shall commence on the Effective Date and shall end, subject to Section 2.4 hereof, ten (10) years after the Effective Date (the "Term"), unless sooner terminated as hereinafter provided.

2.3 Possession. PPC shall not be liable to HOLT in any respect in the event that PPC is unable to deliver possession of the Terminal to HOLT on or before April 1, 1989, because of

the refusal of prior licensees or tenants to vacate; provided, however, until such time as PPC delivers possession of the Terminal, HOLT's obligations and covenants other than under Sections 4.1 (to the extent possession of the Terminal is not required for compliance) and 11.1 hereof shall not commence. In the event any current licensee or tenant refuses to vacate the portion of the Terminal that such licensee or tenant possesses, PPC shall use diligent efforts to remove such licensee or tenant, including the institution of appropriate legal proceedings. If PPC is unable to deliver possession of the Terminal by December 31, 1989, either HOLT or PPC may terminate this Agreement by notice as provided herein.

2.4 Renewal Options.

(a) HOLT shall have the option to extend the Term of this Agreement for two (2) consecutive additional periods of five (5) years each (each of which periods is hereinafter referred to as a "Renewal Period"), provided that HOLT is not in default under this Agreement either at the time of exercising such option or at the commencement of the respective Renewal Period. HOLT shall exercise the aforesaid options to renew, in each instance, by giving PPC written notice at least 180 days prior to the end of the Term or the last day of the Renewal Period then in effect, as applicable. Each Renewal Period shall begin on the day immediately following either the end of the Term or the last day of the prior Renewal Period, as applicable. In the event HOLT shall fail to exercise its option with regard to

any Renewal Period in a timely manner, HOLT's rights hereunder with regard to such Renewal Period and any subsequent Renewal Period shall immediately and irrevocably terminate. The terms and conditions applicable in each Renewal Period shall be those specified for the Term of this Agreement, except for the compensation due from and guarantees of HOLT to PPC for such Renewal Period, which items shall be established as set forth in subsection (b) below, and except that upon the expiration of the second Renewal Period, HOLT shall have no further right to extend the Term. In the event HOLT exercises a renewal option hereunder, "Term" as used in this Agreement shall be deemed to include such Renewal Period unless the sense of this Agreement requires otherwise. The parties hereto shall undertake, prior to the commencement of any Renewal Period, to file with the FMC an amendment extending this Agreement for such Renewal Period.

(b) HOLT and PPC shall negotiate in good faith the compensation to be paid by and guarantees of HOLT to PPC with respect to a Renewal Period prior to the commencement of such Renewal Period. In the event that HOLT and PPC do not reach agreement on such matters at least ninety (90) days prior to the last day of the Term or the first Renewal Period, as the case may be, then HOLT's rights hereunder with regard to such Renewal Period and any subsequent Renewal Period shall immediately and irrevocably terminate.

2.5 Termination. This Agreement is subject to the termination rights granted hereunder to PPC and HOLT, including without limitation those rights set forth in Article IV hereof.

2.6 Surrender of Possession; Holdover. (a) HOLT shall peaceably deliver up and surrender possession of the Terminal to PPC at the expiration or termination of this Agreement. Except as otherwise provided in Subsections 2.6(b) and (c), HOLT shall not holdover in all or any part of the Terminal after termination or expiration of this Agreement without first obtaining the written approval of PPC, which PPC shall have no obligation whatsoever to grant. Any such holdover shall be deemed an extension of this Agreement on a month-to-month basis upon the same terms and conditions of this Agreement, except that HOLT shall pay to PPC during each month of the holdover period an amount equal to the greater of (i) one-twelfth (1/12) of one hundred fifty percent (150%) of the Base Compensation, as hereinafter defined, payable for the twelve (12) months immediately preceding the inception of the holdover period, or (ii) an amount equal to the Base Compensation determined pursuant to the terms hereof with respect to operations during the holdover period. Nothing in this Section 2.6 shall be deemed to give HOLT any right to holdover or to prevent PPC from evicting HOLT or pursuing other remedies in the event of such holdover.

(b) Notwithstanding anything to the contrary contained herein, upon the expiration or termination of this

Agreement HOLT shall be permitted, at its risk, to leave HOLT's equipment and cargo upon the Terminal at such area as PPC reasonably determines (taking into consideration the reasonable needs for security), for a period not to exceed thirty (30) days (the "Equipment Removal Period"). PPC shall at least twenty (20) days prior to the expiration or, if appropriate, the termination of this Agreement notify HOLT of such designated areas. HOLT, prior to the expiration or termination of this Agreement, shall move, at its sole cost and expense, all of its equipment and cargo to such designated area. HOLT shall be permitted access to those areas of the Terminal designated by PPC at reasonable times and upon reasonable notice to remove such equipment and cargo during the Equipment Removal Period. During the Equipment Removal Period, PPC shall be entitled to receive demurrage charges for such cargo, and HOLT shall not be required to pay any holdover payment or charge for the storage of such equipment.

(c) Notwithstanding anything to the contrary contained herein, in the event PPC does not purchase all of the HOLT Cranes upon the expiration or termination of this Agreement, the HOLT Crane(s) not purchased by PPC shall not be used for operations of the Terminal following such termination or expiration, and HOLT shall be permitted to leave upon the Terminal at a location on the crane rail to be determined solely by PPC, for a period not to exceed ninety (90) days following the expiration or termination of this Agreement (the "HOLT Crane Removal Period"), the HOLT Crane(s) not purchased by PPC. There

shall be no Base Compensation, holdover payments or other charges due from HOLT on account of the HOLT Cranes during the HOLT Crane Removal Period. HOLT and its contractors shall be permitted access to the Terminal in accordance with the Plan, as hereinafter defined, to remove and dismantle such HOLT Crane(s) during the HOLT Crane Removal Period. If any such services are requested by HOLT, HOLT shall pay to PPC all of PPC's reasonable incremental out of pocket costs associated with or caused by such removal or dismantling such as, by way of example only, utility, security and labor costs. HOLT shall, at its expense, restore the Terminal and the crane rails to their condition prior to such removal.

(d) The Equipment Removal Period and the HOLT Crane Removal Period are hereinafter occasionally referred to collectively as the "Removal Periods." During the Equipment Removal Period, and any subsequent holdover period, HOLT shall cause to be insured as set forth in Section 5.1(b) all of HOLT's equipment and cargo which remains on the Terminal beyond the expiration or termination of this Agreement. During the HOLT Crane Removal Period, and any subsequent holdover period, HOLT shall keep the HOLT Cranes which are not purchased by PPC insured from "all risks" of direct physical loss on a replacement cost basis. In addition, during the Removal Periods, and any subsequent holdover period: HOLT shall continuously keep in effect the insurance set forth in Sections 5.2 through 5.6; HOLT's indemnification obligation under Section 5.11(a) shall

continue in full force and effect (subject to Sections 5.11(c) and (d)); PPC's indemnification obligation under Section 5.11(b) shall continue in full force and effect (subject to Section 5.11(c) and (d)); HOLT's representations, warranties, covenants and indemnification obligations in Sections 10.1 and 10.2, in the last sentence of Section 10.3(a), and in Sections 10.4; 10.5 (to the extent generated by HOLT) and 10.6 shall continue in full force and effect; PPC's indemnification obligation under Section 10.7 shall continue in full force and effect; for the period following the expiration of the sixty (60) day period referred to in Section 3.3, the Letter of Credit referred to in Section 3.3 shall continue to secure HOLT's faithful performance of HOLT's covenants described in this Sections 2.6(c), (d) and (e); and all of PPC's remedies in Sections 10.9 and 19.1 through 19.3 shall continue in full force and effect. HOLT shall further comply with the provisions set forth in Section 7.5 regarding the removal of the HOLT Cranes.

(e) If HOLT fails to remove HOLT's equipment and cargo by the end of the Equipment Removal Period, or to remove the HOLT Crane(s) by the end of the HOLT Crane Removal Period, then PPC shall give HOLT written notice of such failure. If HOLT fails to remove HOLT's equipment and cargo or the HOLT Cranes within 30 days after such notice, then PPC shall have the right to remove the same to a reasonable location off the Terminal, in which event HOLT shall pay to PPC on demand all moving and storage costs incurred by PPC. Following such removal and

notification to HOLT of the location to which such items were removed, PPC shall have no obligations whatsoever with respect to such items.

ARTICLE III
COMPENSATION

3.1 Base Compensation. As consideration to PPC for HOLT's use of the Terminal, and for the benefits specified herein, HOLT shall during the Term hereof pay to PPC in United States Dollars, on the fifteenth day of each month, without prior demand, setoff, or delay, at the offices of PPC as set forth in Section 28.1 hereof or at such other place as PPC may from time to time direct, compensation as follows:

(a) Container Pick Fees. A container pick fee (the "Container Pick Fee") equal to the product of the applicable container pick rate ("Container Pick Rate") as set forth on Exhibit D, attached hereto and made a part hereof, multiplied by the number of moves of a container (loaded or unloaded) onto or off any and all vessels, excluding restows, which occurred at the Terminal during the preceding month.

HOLT hereby guarantees payment to PPC of an annual sum, commencing for the first Lease Year (as defined below) of this Agreement and continuing for each Lease Year thereafter during the Term hereof, equal to the specified number of container picks set forth below at the applicable Container Pick Rate ("Minimum

Annual Payment"). A "Lease Year" as used in this Agreement shall mean a one year period, the first of which shall commence on the first day of the month in which PPC delivers possession of the Terminal, and subsequent Lease Years shall commence on the anniversary of the first day of such month.

For Lease Year one (1), an amount equal to 35,000 containers times the Container Pick Rate, or \$630,000, subject to adjustment as provided below;

For Lease Year two (2), an amount equal to 50,000 containers times the Container Pick Rate, or \$900,000;

For Lease Year three (3), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year four (4), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year five (5), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year six (6), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year seven (7), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year eight (8), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year nine (9), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000;

For Lease Year ten (10), an amount equal to 60,000 containers times the Container Pick Rate, or \$1,060,000.

In the event PPC delivers possession of the Terminal after the first day of the month in which such possession is delivered, the Minimum Annual Payment for Lease Year one (1) shall be prorated on a per diem basis.

The Minimum Annual Payment shall increase by an amount equal to the product of 15,000 containers multiplied by the applicable Container Pick Rate when all of the Capital Improvements, as hereinafter defined, are completed, and shall, subject to further increase as provided herein, continue at such adjusted rate for each Lease Year thereafter; provided, however, that the increase in the Minimum Annual Payment shall be pro-rated on a per diem basis for the Lease Year in which the Capital Improvements are completed. Whether or not the Capital Improvements have been completed, the Minimum Annual Payment shall increase by an amount equal to the product of 15,000 containers multiplied by the applicable Container Pick Rate when the ICTF, as hereinafter defined, becomes operational, and shall

continue at such adjusted rate for each Lease Year thereafter, subject to further increase as provided herein; provided, however, that the increase in the Minimum Annual Payment shall be pro-rated on a per diem basis for the Lease Year in which the ICTF becomes operational.

To the extent not previously paid to PPC pursuant to the monthly payments set forth in the first paragraph of this Section 3.1(a), HOLT shall pay the balance of the Minimum Annual Payment due to PPC for a given Lease Year on the fifteenth day of the following Lease Year.

For the purposes of this Section 3.1(a), the term "completed" shall mean the earlier of completion of the construction, demolition, renovation or other work, in accordance with the plans therefor, subject only to minor punch list items which can be completed without unreasonably interfering with HOLT's use and enjoyment of such improvement, or the commencement of HOLT's use of such improvement for its intended purpose without physical impediments significantly reducing potential volume or increasing costs compared to those that will obtain upon final completion. For the purposes of this Section 3.1(a), the ICTF shall be deemed operational when the construction of the ICTF has been completed and the ICTF is open and capable of handling the intermodal transfer of containers to and from the Terminal.

(b) Breakbulk/Non-Container Usage. A breakbulk fee (the "Breakbulk Fee") in an amount equal to the product of

the applicable Breakbulk Rate as set forth on Exhibit E, attached hereto and made a part hereof, multiplied by the number of tons of breakbulk and non-container cargo or materials, excluding bulk cargo, moved onto or off any and all vessels at the Terminal during the preceding month.

(c) Intermodal Fee. An intermodal fee (the "Intermodal Fee") equal to Six Dollars (\$6.00) per move of a container into or out of the Terminal by truck, rail or other non-marine means, either through the Terminal gate or otherwise, which occurred during the preceding month. A container discharged from a vessel which has been subject to a Container Pick Fee shall not be subject to an Intermodal Fee upon its first movement out of the Terminal; a container to be loaded onto a vessel which will be and in fact is subject to a Container Pick Fee shall not be subject to an Intermodal Fee upon its immediate prior movement into the Terminal.

(d) Additional Guarantee. HOLT hereby guarantees payment to PPC, in addition to the Minimum Annual Payment and the Gross Receipts Fee (as hereinafter defined), of an annual sum, commencing in the third Lease Year of this Agreement and continuing for each Lease Year thereafter during the Term hereof, in the amount of Six Hundred Thousand Dollars (\$600,000) (the "Additional Guarantee"). Container Pick Fees (in excess of the Minimum Annual Payment), Breakbulk Fees, and Intermodal Fees shall be credited against the Additional Guarantee. Such fees shall not abate, however, upon payment of the Minimum Annual

Payment and the Additional Guarantee. To the extent not previously paid to PPC pursuant to the monthly payments set forth in Sections 3.1(a), 3.1(b) and 3.1(c), HOLT shall pay the balance of the Additional Guarantee due to PPC for a given Lease Year on the fifteenth day of the following Lease Year.

(e) Gross Receipts.

(i) During Lease Years seven through ten inclusive, HOLT shall pay to PPC, monthly in arrears and in addition to all fees and payments described above, an amount (the "Gross Receipts Fee") equal to one percent (1%) of all of HOLT's Gross Receipts, as hereinafter defined. Beginning on the fifteenth (15) day of the second month of the seventh Lease Year and thereafter on the fifteenth (15) day of each month, HOLT shall furnish to PPC a statement of Gross Receipts received by HOLT during the preceding month, and HOLT shall pay to PPC one percent of such Gross Receipts in addition to the other components of Base Compensation as set forth in this Section 3.1.

(ii) As used in this Agreement, the term "Gross Receipts" shall mean the gross amount of all sums actually received by HOLT in the ordinary course of business for all of HOLT's activities at the Terminal (excepting only sums received from HOLT's stevedoring services), including without limitation all wharfage and dockage charges, demurrage, terminal and gate charges, all sums actually received by HOLT from any licensee or concessionaire for the sale of all goods, wares and merchandise sold or rented, all sums actually received by HOLT for other

services performed by HOLT in or at the Terminal (excepting only sums received from HOLT's stevedoring services), whether for cash, credit or other consideration, with such consideration being determined at fair market value, and interest on receivables arising from any of the foregoing. HOLT shall pursue in a commercially reasonable manner the collection of any unpaid receivables, and, during the last six months of the Term shall bill customers and pursue the collection of receivables in HOLT's customary fashion. Gross Receipts will not be reduced by any franchise, occupancy, capital stock, income or similar tax based on income or profits. The receipts of corporate entities other than HOLT shall not be included in Gross Receipts.

(iii) Upon any Transfer (as hereinafter defined) by HOLT of this Agreement or of the Terminal, in whole or in part, the term Gross Receipts shall include the gross amount of all sums actually received by the Transferee (as hereinafter defined) in the ordinary course of business for all of such Transferee's activities at the Terminal, including without limitation sums received for the types of charges set forth in Section 3.1(e)(ii) (excepting only such sums received by such Transferee for stevedoring services), but shall exclude all sums received by HOLT from such Transferee on account of such Transfer.

(iv) Each statement of Gross Receipts furnished by HOLT shall be certified as correct by an authorized

officer of HOLT and shall show the computations of Gross Receipts for HOLT.

(v) For the purposes of ascertaining the amount of Gross Receipts, HOLT shall record, keep and maintain accurate and complete books, records and reports of all sales, rentals and services at the Terminal in accordance with Section 3.4 hereof.

(f) Base Compensation Defined. The fees, charges and compensation payable by HOLT to PPC under this Section 3.1, including without limitation the Container Pick Fee (including the Minimum Annual Payment), the Breakbulk Fee, the Intermodal Fee, the Additional Guarantee and the Gross Receipts Fee are hereinafter collectively referred to as "Base Compensation." All amounts payable as Base Compensation and all other sums payable by HOLT hereunder shall be deemed to be "rent," and all remedies available at law or in equity for the collection of rent will be available to PPC to collect the same.

(g) Proration; Final Payment. If the last Lease Year of the Term (not taking into account any Renewal Period) is less than a full calendar year, the Annual Minimum Payment and the Additional Guarantee for such Lease Year shall be prorated on a per diem basis. On the fifteenth day of the first month after the end of the Term (not taking into account any Renewal Period), HOLT shall pay to PPC the balance of the Base Compensation due to PPC with respect to the last Lease Year of the Term (not taking into account any Renewal Period).

(h) Bulk Cargo. Prior to any bulk cargos being handled at the Terminal, whether by HOLT or any other stevedoring company, HOLT and PPC shall agree upon the method of handling the bulk cargo and the terms and conditions with respect thereto.

3.2 Adjusted Payments. If on the fifteenth day of any month, HOLT, after the exercise of commercially reasonable efforts, does not have all necessary information on which to calculate the Base Compensation for the prior month, then HOLT shall make a reasonable business judgment estimate of any such unavailable information and shall calculate and pay the Base Compensation based upon available information and such estimate. In the event HOLT estimates any such amount due and owing as Base Compensation, HOLT shall promptly obtain all information that at the time was unavailable and make the necessary adjustments to the Base Compensation paid to PPC. In the event HOLT has underestimated the Base Compensation due, HOLT shall immediately pay to PPC the difference between the amount paid and the amount actually due and owing. In the event HOLT has overestimated the Base Compensation due, PPC shall credit HOLT's account for the next month by such overpaid amount. Prior to any payment or credit being made under the prior two sentences, HOLT shall deliver to PPC a statement, certified by an appropriate officer of HOLT, stating the correct and final amount of Base Compensation due and owing. It is understood and agreed that if the estimates required of HOLT are delayed by HOLT, PPC may bill

HOLT upon PPC's reasonable estimates of charges due, which shall not be more than 150% of the previous month's charges due, and HOLT shall pay such amounts, subject to adjustment as hereinabove provided.

3.3 Letter of Credit. (a) As security for the payment of Base Compensation and its faithful performance of all covenants, terms and conditions of this Agreement, HOLT shall deliver to PPC, upon the later of HOLT's entering into possession of any part of the Terminal or the Effective Date, a One Million Dollar (\$1,000,000) irrevocable, unconditional Letter of Credit, substantially in the form of Exhibit F hereto, with only such modifications as are acceptable to PPC in form and substance, issued or confirmed by a Philadelphia bank acceptable to PPC, naming PPC as beneficiary (the "Letter of Credit"). HOLT shall cause the amount of the Letter of Credit to be increased to One Million Five Hundred Thousand Dollars (\$1,500,000) prior to the second anniversary of the Effective Date, and HOLT shall cause the amount of the Letter of Credit to be increased to Two Million Dollars (\$2,000,000) prior to the fifth anniversary of the Effective Date and shall cause a new Letter of Credit to be delivered in such increased amounts to PPC meeting the requirement of this Section 3.3(a). During the term hereof HOLT shall cause the Letter of Credit to be renewed and replaced yearly, and HOLT shall cause to be delivered each replacement Letter of Credit on or before April 1 of each year of the Term. Each Letter of Credit shall have an expiration date of May 1 of

the year following its delivery, except for the Letter of Credit to be delivered on April 1, 1998, which shall have an expiration date no earlier than August 1, 1999. HOLT shall cause to be extended the Letter of Credit in place at such time as the Agreement expires or is terminated to a date not earlier than one month after the end of the Removal Periods. In the event HOLT fails to cause to be delivered any such replacement Letter of Credit to PPC by April 10 of any year of the Term, or to cause to be extended the Letter of Credit as provided in the preceding sentence, PPC may draw upon the then current Letter of Credit to its full amount, and shall deposit the proceeds in an interest-bearing account in a bank, the accounts of which are federally insured, as security for the payment of Base Compensation and HOLT's faithful performance of all covenants, terms and conditions of this Agreement; upon delivery of such replacement or extended Letter of Credit to PPC, the proceeds so deposited, less any amounts retained by PPC on account of breaches of this Agreement by HOLT and any incidental costs related to such deposits, shall be paid to HOLT.

(b) Subject to Section 19.1(d), if at the end of the Term of this Agreement or the sooner termination hereof any of the Base Compensation shall be overdue and unpaid, or any other sum payable by HOLT to PPC hereunder shall be overdue and unpaid, then PPC may, at its option, draw on the Letter of Credit for the payment of any such overdue Base Compensation, or other sum. In the event of the failure of HOLT to keep and perform any

of its other obligations under this Agreement, then PPC, at its option, may draw on the Letter of Credit to the extent necessary to make PPC whole and to compensate PPC for any loss or damage sustained or suffered by PPC due to such breach on the part of HOLT. If at any time PPC should draw on the Letter of Credit, HOLT shall, within sixty (60) days after written demand by PPC, cause the Letter of Credit to be restored to its full required amount, or supply to PPC additional security in the form of cash in an amount which, when aggregated with the undrawn balance of the Letter of Credit, equals the full required amount.

(c) Should HOLT comply with all of said terms, covenants and conditions hereunder and pay all Base Compensation hereunder provided for, and pay all other sums payable by HOLT to PPC hereunder, the Letter of Credit or its replacement shall be returned to HOLT on or before sixty (60) days after the later of (i) the end of the Term or the earlier termination of this Agreement, or (ii) the completion of all restorations or repairs to the Terminal required to be made by HOLT, including, if applicable, repairs or restorations necessitated by the removal of the HOLT Cranes. At such time, if any, after the end of the Term or the termination of this Agreement that such repairs or restorations are limited to reasonable punchlist items or other reasonably ascertainable amounts substantially less than the amount of the Letter of Credit, PPC shall agree to the reduction of the Letter of Credit to an amount equal to one hundred fifty

percent (150%) of the cost of such punchlist items or other ascertainable amounts, as reasonably determined by PPC.

3.4 Records and Books. HOLT shall keep complete and accurate books, records and accounts relating to all its operations upon the Terminal, including without limitation the number of containers handled, the tonnage of bulk and breakbulk cargo handled, the hours of Crane usage, the number of moves through the Terminal gate, cargo storage and transshipment information, vessel occupancy of the berths, and rates and fees charged others for terminal services, and PPC, the Commonwealth and the City shall have the right and privilege through their representatives and at all reasonable times, upon one week's advance notice, to inspect and audit such books, records and accounts in order to verify the accuracy of the amounts of Base Compensation due and owing to PPC hereunder and to assess the performance of HOLT's other obligations hereunder. HOLT agrees that such books, records and accounts for each year shall be kept by HOLT for a five year period and shall be made available to PPC, the Commonwealth, and the City in Philadelphia, Pennsylvania upon written request. HOLT shall keep separate books and records for its operations at the Terminal and its other operations. If any audit conducted under this Section shows that HOLT has underpaid the Base Compensation due from it to PPC under the terms of this Agreement, HOLT shall pay the shortfall upon demand, and in the event the amount of underpayment (other than underpayments on account of reasonable business judgment

estimates as set forth in Section 3.2) is in excess of three percent (3%) of the amount paid by HOLT with respect to the audited period, then HOLT shall pay all costs and expenses for the PPC audit, if any. PPC shall use its best efforts to coordinate any such audit with the Commonwealth and the City. The duty to retain books, records and accounts imposed on HOLT and the right herein granted by HOLT to PPC, the Commonwealth and the City to inspect such books, records and accounts shall survive the expiration or termination of this Agreement.

3.5 Reports. HOLT shall submit to PPC, as soon as it is practicable, on a ship-by-ship basis written vessel activity reports ("VARs") in form satisfactory to PPC, summarizing all vessel movements, all containers and cargo loaded, discharged or held at the Terminal, and the number of containers handled, both loaded and empty. HOLT shall also submit to PPC such other reports as reasonably requested in writing by PPC from time to time.

3.6 Late Charges. As compensation to PPC for costs and expenses involved in handling delinquent payments, all charges that remain due and unpaid for a period of ten (10) days after the date they are due shall be subject to a delinquency payment equal to one and one-half percent (1.5%) of said charges per month or fraction thereof from the end of the ten day period until the charges have been paid. Said delinquency payment is in addition to all other remedies that PPC may have that are

provided by this Agreement or otherwise by law to enforce payment of charges that have been incurred and have not been paid.

3.7 Certain Taxes. If the Terminal or operations on the Terminal become subject to any taxes, assessments or charges which are not in effect on the date hereof and which will result in a significant increase in the tax burden of HOLT, then PPC and HOLT will renegotiate the Base Compensation in an equitable manner taking into account such increase. Nothing in the preceding sentence shall be deemed to entitle HOLT to any renegotiation of the Base Compensation on account of any federal or state corporate income tax, or any change in the rates thereof.

ARTICLE IV

PUBLIC POLICY AND PERFORMANCE OBLIGATIONS; COOPERATION

4.1 Public Policy Requirements. This Agreement is being entered into as the Commonwealth, the City and PPC enter a period of revitalization and renewed development of the Port of Philadelphia and its marine facilities. HOLT understands and supports the Commonwealth's, the City's and PPC's port revitalization program and objectives. In furtherance thereof, HOLT hereby agrees to:

- (i) cooperate fully with PPC and its successors or assigns to foster port unification efforts in

the Port of Philadelphia under the leadership of the Commonwealth of Pennsylvania and the State of New Jersey;

(ii) cooperate fully with PPC and its successors or assigns to discourage unproductive forms of intra-port rivalry;

(iii) cooperate fully with PPC and its successors or assigns to establish and preserve the open stevedoring-open terminal concept at the Terminal and to achieve a "level playing field" for all those seeking to perform stevedoring operations at the Terminal;

(iv) create synergies among port facilities;

(v) promote water borne commerce in the Port of Philadelphia and foster the creation of employment opportunities within the region;

(vi) foster harmonization of labor-management relations throughout the Port; and

(vii) create a favorable environment for the promotion of commerce in the Port through attention to improved customer service at the Terminal.

The foregoing public policies and objectives of the Commonwealth, the City and PPC are be collectively referred to hereinafter as the "Public Policies and Objectives."

4.2 Public Policy Evaluation. (a) PPC shall have the right to evaluate HOLT's adherence to and promotion of the Public Policies and Objectives and HOLT's compliance with Section 22.1(a) hereof. Commencing on December 10, 1990, and on

December 10 every two years thereafter, PPC shall deliver to HOLT a written review (the "Review") of HOLT's performance for all Lease Years or portions thereof preceding such Review but following the last preceding review period, if any, with the exception of the period from and after October 1 of the year in which such Review is due. The Review shall state whether HOLT has satisfactorily adhered to and promoted the Public Policies and Objectives and has satisfactorily complied with Section 22.1(a) hereof, and shall set forth in adequate detail any violation by HOLT of any Public Policies and Objectives or Section 22.1(a) hereof; provided, however, that any violation by HOLT of the Public Policies and Objectives or Section 22.1(a) hereof with respect to which HOLT had not been given written notice by PPC within sixty (60) days of PPC's knowledge of such violation may not be included by PPC in the Review. If the Review concludes that HOLT's overall performance with respect to the matters covered by the Review was unsatisfactory, then HOLT shall have a period of one hundred eighty (180) days following receipt of the Review to cure and/or correct, as appropriate, any such violations that have not yet been cured. If at the end of such one hundred eighty (180) day period, HOLT, in the sole opinion of PPC, has failed to cure and/or correct, as appropriate, any such violations, then PPC at its sole option may terminate this Agreement, providing it does so by written notice to HOLT no later than thirty (30) days following the end of such one hundred eighty (180) day period. Any failure by PPC to

deliver any Review by December 31 of the year in which the Review is required to be given shall preclude PPC from giving any Review for the period that would have been the subject of such Review. All Reviews shall pertain only to violations on or before September 30 of the year in which such Review was due.

(b) Upon any termination of this Agreement by PPC pursuant to this Section 4.2, PPC shall continue to repay the outstanding balance of any loans made by HOLT to PPC, at 0% interest, monthly in an amount equal to one twenty-fourth (1/24) of the Base Compensation paid by HOLT to PPC in the Lease Year prior to such termination, provided that the then unpaid balance of such loans shall be paid in the first fiscal year of the Commonwealth in which such amount can be budgeted in the Commonwealth's capital budget. PPC shall use its best efforts to obtain such funds after they have been appropriated, and shall repay such loans promptly upon receipt.

4.3 Contravention of PPC Field Representative or Terminal Rules. To further the Public Policies and Objectives and the purposes of Section 22.1(a), HOLT shall comply at all times with the decisions and directives which the Field Representative is authorized to make under Section 1.7. In the event that HOLT willfully contravenes or ignores any such decision or directive of the PPC Field Representative, and PPC subsequently ratifies the correctness of such decision or directive and determines that HOLT's failure to comply therewith materially interfered with the operations or with the open

terminal concept at the Terminal, then HOLT shall pay PPC damages in connection with HOLT'S breach of this Article IV as set forth below:

(a) If the decision or directive relates to the assignment, scheduling or use of berths or Cranes, then for the first infraction occurring in any twelve-month period, HOLT shall pay to PPC and PPC shall be entitled to Twenty-Five Thousand Dollars (\$25,000), and for each additional infraction occurring in any twelve month period HOLT shall pay to PPC and PPC shall be entitled to Fifty Thousand Dollars (\$50,000); provided, however, that in no event shall HOLT be charged with more than one infraction with respect to a single vessel call at the Terminal.

(b) If the decision or directive relates to other matters, HOLT shall pay to PPC and PPC shall be entitled to the following sums in any twelve month period:

(i) Two Thousand Five Hundred Dollars (\$2,500) for the first infraction;

(ii) Five Thousand Dollars (\$5,000) for the second infraction;

(iii) Seven Thousand Five Hundred Dollars (\$7,500) for the third infraction; and

(iv) Ten Thousand Dollars (\$10,000) each for the fourth and all subsequent infractions.

The provisions set forth in this Section 4.3(b) requiring the payment by HOLT to PPC of damages for HOLT's failure to comply with certain decisions or directives of the PPC Field

Representative shall not become operative until PPC has imposed the requirement to pay the same damages upon other stevedoring companies using the Terminal.

4.4 Activity Performance Evaluations. As soon as practicable but (provided that HOLT has provided on a timely basis all information, reports, VARs and other data as HOLT is required to provide to PPC) not later than sixty (60) days following the fourth and eighth anniversaries of the first day of the first Lease Year, PPC shall review HOLT's performance with respect to the activity guarantees set forth in Exhibit G hereof (the "Activity Guarantees") and deliver a written report to HOLT with respect thereto (the "Activity Review"). PPC shall have the option to terminate this Agreement upon thirty days' written notice, without any opportunity to cure, if either of such Activity Review shows that for the four Lease Year period prior to such review:

(a) HOLT has failed to generate activity at the Terminal equalling at least 85% of the cumulative container pick guarantees and in addition HOLT has failed to generate cargo activity at the Terminal providing at least 75% of the cumulative Additional Guarantee or

(b) HOLT has failed to generate activity at the Terminal providing at least 65% of the cumulative container pick guarantees; or

(c) HOLT has failed to generate cargo activity at the Terminal providing at least 60% of the cumulative Additional

Guarantee. HOLT shall have the option to terminate this Agreement upon thirty (30) days' written notice to PPC following the completion of PPC's Activity Review (or if PPC has not submitted an Activity Review, then within thirty (30) days after the last date the Activity Review was due), if for the four-Lease Year period consisting of Lease Years 1 through 4, or for the four-Lease Year period consisting of Lease Years 5 through 8, HOLT has failed to generate activity at the Terminal equalling the amounts set forth in subsections (a), (b) or (c), above. In the event either HOLT or PPC does not exercise its option to terminate within thirty (30) days following the completion or last due date, whichever is applicable, of PPC's Activity Review with respect to the activity guarantees, their respective rights to terminate this Agreement under this Section 4.4 with respect to such review period shall immediately and irrevocably terminate.

4.5 Terminal Advisory Board. To further the Public Policies and Objectives and to facilitate the harmonization and cooperation among the various users of the Terminal, HOLT and PPC agree to form a PAMT Advisory Board composed of persons or entities using the Terminal, who are representative of the various users of the Terminal and are selected by PPC (the "Advisory Board"). PPC shall chair the Advisory Board which shall periodically review and make suggestions and recommendations on Terminal operations, working relationships at the Terminal, and the Terminal Rules.

4.6 Marketing. HOLT shall market its services offered at the Terminal and the Terminal itself in a professional, first class manner at least equivalent to the marketing efforts of similar terminals.

4.7 Terminal Preference. HOLT hereby agrees to accommodate and handle at the Terminal during the Term all new container business which HOLT secures for Delaware River marine terminal facilities, provided that in PPC's reasonable opinion the Terminal is or will be able to accommodate such business on a timely basis. For the purpose of this Section 4.7, "new container business" shall mean any contracts or agreements with customers other than existing water carriers which currently call at HOLT'S marine terminal facilities in Gloucester City, New Jersey and which are listed on Exhibit H attached hereto and made part hereof. Nothing contained herein is intended to require HOLT to transfer such existing water carrier customers from HOLT'S Gloucester City, New Jersey facilities to the Terminal. Notwithstanding the foregoing, if: (a) HOLT obtains a new container customer for the Terminal, (b) HOLT gives PPC a written description of such customer, an adequately detailed demonstration of the need for the capital improvements required and a reasonably detailed estimate of the cost therefor (the "HOLT Proposal"), (c) in PPC's sole reasonable determination such additional capital improvements are required at the Terminal to service such customer, and (d) PPC informs HOLT of PPC's inability or unwillingness to construct such capital

improvements, then HOLT may accept and handle such customer at other facilities of HOLT. PPC shall respond to the HOLT Proposal within thirty (30) days of its receipt. If PPC fails to respond within the thirty (30) day period, PPC shall be deemed to have decided that it is unable or unwilling to construct the capital improvements. If PPC responds within the thirty (30) days by agreeing to construct the capital improvements, PPC shall undertake to construct the capital improvements as promptly as practicable.

4.8 Non-Competition Statement.

(a) HOLT agrees that during the Term of this Agreement, including any Renewal Period, it will not transfer or move any cargo that it handles at the Terminal to competing facilities owned or operated by HOLT.

(b) For a period of one (1) year following the termination or expiration of this Agreement, HOLT shall not solicit for competing facilities of HOLT any liner service customer (whether bulk, breakbulk or container) which called at the Terminal during the year prior to such termination or expiration, except for those liner service customers which were current customers of HOLT calling at Gloucester City, New Jersey, on the date hereof and which are listed on Exhibit H attached hereto and made a part hereof.

4.9 Definition of HOLT. For the purposes of Sections 4.7 and 4.8, HOLT shall mean Holt Cargo Systems, Inc., its parent from time to time, and all present and future subsidiaries and

affiliates, and Thomas J. Holt and all members of Thomas J. Holt's immediate family during the time they are employed by Thomas J. Holt or any of the entities described in this Section, and for the purposes of Section 4.1 and 4.2, HOLT shall mean HOLT Cargo Systems, Inc. and Thomas J. Holt.

4.10 Certain Operating Agreements. From and after the date hereof until the expiration or termination of this Agreement, PPC shall not make or enter into any cost-plus arrangements (as hereinafter defined) with any terminal operators, stevedoring companies or other terminal lessees or licensees with respect to operations at the Port Facilities or at similar facilities owned, leased or operated by PPC, except as permitted under this Section 4.10. The term "cost-plus arrangement" shall mean, with respect to terminal operations and/or stevedoring services, payment by PPC of (or agreement to pay) all or any part of the operating costs (as hereinafter defined) of, or any operating revenues to, such terminal operator, stevedoring company or other terminal lessees or licensees. The term "operating costs" as used in this Section 4.10 shall mean operating costs exclusive of capital costs for terminal improvements which will not be owned (except upon payment of fair value) by the party benefiting from the cost-plus arrangement, debt service for any such terminal improvements, and rent or license fees for terminal facilities, which items PPC may forgive or pay on behalf of such party. PPC shall not make or enter into any cost-plus arrangements with respect to the Port

Facilities or any similar facilities owned, leased or operated by PPC prior to publicly soliciting responses to a request for proposals with respect to such facility. If, upon PPC's exercise of its reasonable business judgment (which shall relate to the quality and cost of the service to be provided, the need therefor, and the desire to promote the Public Policies and Objectives), PPC makes or enters into a cost-plus arrangement at such facilities with a party other than HOLT, then PPC shall notify HOLT that it has done so, and HOLT and PPC shall negotiate in good faith for a period of up to thirty (30) days with respect to the reduction, if any, required to be made in the Base Compensation payable by HOLT to PPC hereunder and other modifications, if any, required to be made to this Agreement in order to permit HOLT to compete on commercially reasonable terms for business with the intended recipient of the cost-plus arrangement. If at the expiration of such 30-day period HOLT and PPC have not reached a mutually satisfactory agreement, then HOLT shall have an additional 30 days within which to terminate this Agreement by written notice to PPC, and, upon such termination, the provisions of Section 4.2(b) shall apply. Notwithstanding the foregoing, if an agreement for services at the Port Facilities or at a similar facility owned, leased or operated by PPC expires, is terminated by PPC or is breached by the terminal operator, stevedoring company, lessee or license, then PPC may make or enter into a cost-plus arrangement with respect to such services at such facility for a period not to exceed nine (9)

months without thereby invoking the provisions of this Section 4.10. Nothing contained in this Section shall be deemed to restrict or prohibit PPC from entering into a management agreement with a person or entity on a fee basis with respect to operations at the Port Facilities or any similar facility owned, leased or operated by PPC pursuant to which such person or entity, manages and operates such facility for PPC in consideration of a predetermined fee paid by PPC which is not tied to and will not be adjusted by such person's or such entity's operating costs or results of operations, provided that any such person or entity and any of their affiliates will not also provide, directly or indirectly, stevedoring services or equipment at such facility.

ARTICLE V

INSURANCE; INDEMNIFICATION

5.1 Property Insurance.

(a) PPC shall keep the Terminal, including without limitation the pier and Wharf Structure, continuously insured from "all risk" of direct physical loss on a replacement cost basis during the Term. PPC shall include HOLT as an additional insured as its interest may appear, including extra expense insurance in the amount of One Million Dollars (\$1,000,000) from any one loss, with no monthly limitation.

(b) HOLT shall keep the contents of the Terminal, including the property of others and cargo, improvements and betterments, and "contractor's equipment," continuously insured during the Term from "all risks" of direct physical loss, on a legal liability basis with respect to cargo and property of others, and an actual cash value basis with respect to all other contents, improvements and betterments and "contractor's equipment." HOLT shall include PPC, the City and the Commonwealth as additional insureds as their respective interest may appear.

(c) HOLT shall keep the Cranes continuously insured from "all risks" of direct physical loss, including "mechanical breakdown" and removal of any boom warranty, on a replacement cost basis during the Term; provided, that if mechanical breakdown coverage for the PPC Cranes is not available at rates mutually acceptable to HOLT and PPC, then HOLT shall have no obligation to obtain mechanical breakdown coverage for any of the Cranes. With respect to the Cranes, HOLT shall also maintain extra expense insurance and business interruption insurance in the combined amount of One Million Dollars (\$1,000,000) from any one loss, with no monthly limitation. PPC shall pay to HOLT an equitable percentage of the cost of such coverage allocable to the PPC Cranes by crediting such amount to HOLT against Base Compensation owing by HOLT in the month immediately following HOLT's payment of a premium for such insurance. HOLT shall include PPC, the City and the Commonwealth

as additional insureds, loss payees or mortgagees as their respective interests may appear.

(d) PPC shall provide comprehensive boiler and machinery coverage on insurable objects (excluding the Cranes) on a Repair or Replacement basis during the Term. PPC shall include HOLT as an additional insured as its interest may appear, including extra expense insurance in the amount of Two Hundred Fifty Thousand Dollars (\$250,000), for any one loss, with no monthly limitation.

5.2 Liability Insurance. HOLT shall continuously keep in effect comprehensive general liability insurance of at least Ten Million Dollars (\$10,000,000.00) as to personal injury, including bodily injury, sickness, disease or death, and property damage combined. HOLT shall cause the policies evidencing such insurance to name the Commonwealth, the City, and PPC as additional insureds and to incorporate cross liability endorsement provisions substantially as follows:

"Cross Liability - it is understood and agreed that the insurance afforded by this policy for more than one insured shall not operate to increase the limits of the Company's liability, but otherwise shall not operate to limit or void the coverage of any one insured with respect to claims against the said insured by any other insured or the employees of any such other insured."

5.3 Worker's Compensation Insurance. HOLT itself shall maintain in full force and effect at all times during the Term of this Agreement Statutory Worker's Compensation and

Employers' Liability insurance, United States Longshoremen's and Harborworkers' Act insurance, Jones Act insurance, Occupational Disease Act insurance, and any disability benefits act insurance required by law, in appropriate statutory amounts under policies written by an insurance company authorized to engage in the insurance business in the Commonwealth of Pennsylvania or otherwise acceptable to PPC or HOLT in the event HOLT becomes an approved self insured. In the event HOLT becomes an approved self insured, it agrees to maintain excess insurance of the types enumerated above in this Section 5.3 in amounts not less than \$10,000,000 for each accident or occupational disease.

5.4 Automobile Insurance. HOLT shall continuously keep in effect comprehensive automobile liability insurance in the amount of \$10,000,000 per each accident for bodily injury and property damage combined.

5.5 Waiver of Subrogation. All casualty insurance (excluding that described in Section 5.3) and all property insurance policies carried by either party covering PPC and HOLT as required by this Article V shall expressly waive any right on the part of the party carrying such insurance and its insurer against the other insureds; provided, however, that if there is an additional premium charge to obtain such waiver, then the party carrying such insurance may discontinue such waiver upon notice to the other party of an intent to discontinue such waiver, unless within thirty (30) days of the giving of such

notice the other party agrees to pay such additional premium charge.

5.6 Insurance General.

(a) If either HOLT or PPC fails to maintain any insurance required in this Agreement to be maintained by HOLT or by PPC, the other party may procure same, wherever available, at the non-complying party's expense, and the non-complying party shall pay the cost thereof, and such other costs incurred by such party in connection therewith, including without limitation, its reasonable attorney's fees, on demand as compensation.

(b) Every policy of insurance required by this Agreement to be maintained by HOLT or by PPC shall contain a provision prohibiting cancellation thereof or changes therein without at least thirty (30) days prior written notice to HOLT or to PPC, and to the City and the Commonwealth at the address designated from time to time in writing by the City and the Commonwealth, respectively as appropriate. Each party shall deliver to the other two copies of certificates evidencing each of the insurance policies that it is required to carry under this Article V, and shall upon the written request of the other party, deliver two copies of such portions of each such policy providing the insurance herein required to the other party.

(c) All policies required hereunder and any renewals thereof shall be in form satisfactory to PPC, shall be issued by companies authorized to engage in the insurance business in the Commonwealth or otherwise satisfactory to PPC,

and shall be maintained in full force and effect. Other policies and coverages purchased by HOLT not specifically required by PPC, including coverages carried in excess of the required minimum, shall be with companies as HOLT deems appropriate.

(d) HOLT shall provide such additional types of insurance in such amounts as PPC shall reasonably require with a view to a change in the nature of the Terminal, or the use to be made thereof by HOLT. In the event that any such additional insurance is required, HOLT shall deliver two certificates of each policy to PPC and shall upon PPC's written request deliver two copies of such portions of each policy providing such insurance to PPC.

(e) HOLT agrees not to use the Terminal in any manner that will result in the cancellation or increase in cost of any insurance policy that PPC or HOLT is required to carry hereunder.

5.7 Accident Reports. HOLT shall provide a report to PPC, in writing, within seven (7) days after HOLT, its officers, or agents have knowledge of any accident or occurrence involving death of or injury to any person or persons, or damage in excess of Twenty Thousand Dollars (\$20,000) to property (other than cargo) of any person other than HOLT and PPC, occurring upon or about the Terminal. All such reports shall include, to the extent available and appropriate, (1) the names and address of the persons involved; (2) a general statement as to the nature and extent of the injury or damage; (3) the date and hour of the

occurrence; (4) the names and addresses of witnesses; and
(5) such other information reasonably requested by PPC as may be known to HOLT, its officers or agents.

5.8 Liability for Damage Caused by Third Parties.

HOLT shall maintain the necessary security on the Terminal to assure that the Terminal is not being used by anyone not having the permission of HOLT or PPC. HOLT is and shall be liable (a) for all damage to the Terminal not insured against under Section 5.1 or with respect to which a waiver of subrogation is not being carried pursuant to Section 5.5 and (b) for all damage to the Terminal up to the amount of any deductible of any insurance policy required to be maintained under Section 5.1, which damage is caused by third parties not authorized to be upon the Terminal, or by HOLT, HOLT's employees, agents, contractors, invitees, or licensees.

5.9 Event of Loss. (a) In the event of loss to the Terminal or the PPC Cranes, HOLT shall give notice thereof as soon as practicable to PPC, and PPC may make proof of loss if not made promptly by HOLT; any adjustment of a proof of loss shall require the prior written consent of PPC. Each insurance company issuing any property insurance policies in respect to the Terminal is hereby authorized and directed to make payment under such insurance directly to PPC instead of to HOLT and PPC jointly, and HOLT appoints PPC, irrevocably, as HOLT's attorney-in-fact to endorse any draft therefor; provided, that notwithstanding the foregoing, proceeds of insurance required

under Section 5.1(b) or Section 5.1(c) (except for proceeds of insurance for a loss to the PPC Cranes), and extra expense insurance proceeds, shall be paid directly to HOLT. Such policies of property insurance and all renewals thereof are hereby assigned to PPC as additional security for HOLT's performance of its obligations hereunder, and HOLT agrees that after default hereunder any values available thereunder upon cancellation or termination of any of said policies or renewals, whether in the form of return of premiums or otherwise, shall be payable to PPC as assignee.

5.10 Insurance Audit. On the third anniversary of the Effective Date and every three years thereafter during the Term and any Renewal Period, HOLT and PPC shall cause an insurance audit to be conducted jointly by their respective insurance consultants to determine the adequacy and availability at commercially reasonable rates of the types of insurance and the amounts of coverages then being carried by either of them. In the event that PPC's and HOLT's insurance consultants are unable to arrive at mutually agreeable recommendations as a result of the insurance audit required under this Section 5.10, the parties agree that they will submit such dispute to private dispute resolution before Judicate, Inc. in Philadelphia, Pennsylvania or other mutually acceptable private dispute resolution body, and the decision of such private dispute resolution body shall be final and binding upon the parties. HOLT and PPC agree that promptly following such insurance audit or the resolution of any

dispute, this Article V shall be amended to conform to the recommendations of the insurance audit, and PPC and HOLT shall promptly obtain and maintain such insurance of such amounts as this Agreement, as so amended, shall require.

5.11 Indemnification.

(a) HOLT hereby covenants and agrees to indemnify, defend and hold PPC, the City and the Commonwealth, harmless from any and all liability, loss, cost or expense, claims, and/or suits for, or by reason of, any injury, loss or damage to any person or property occurring on the Terminal from a condition caused by or for which HOLT is responsible under the terms of this Agreement, or arising out of HOLT's use of or operations at the Terminal, whether the loss, injury or damage be to the person or property of HOLT or any other person, except to the extent due to the negligence of PPC, the City and the Commonwealth and their respect agents, contractors, employees, lessees, invitees or licensees.

(b) PPC hereby covenants and agrees to indemnify, defend and hold HOLT harmless from any and all liability, loss, cost or expense, claims, and/or suits for, or by reason of, any injury, loss or damage to any person or property occurring on the Terminal from a condition caused by PPC or for which PPC is responsible under the terms of this Agreement, or arising out of PPC's use of or operations at the Terminal, whether the loss, injury or damage be to the person or property of PPC or any other

person, except to the extent due to the negligence of HOLT, its agents, contractors, employees, lessees, invitees, or licensees.

(c) The indemnification obligations of HOLT and PPC under this Section 5.11 shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either such party or any of their employees under workers' compensation acts, disability benefits acts or other employee benefits acts.

(d) The provisions of Sections 5.11(a) and 5.11(b) shall not apply to any matter insured against under Section 5.1 and as to which a waiver of subrogation is in effect, or to any matters covered by the subject matter of Article X.

(e) The indemnifications given in this Section 5.11 shall survive the expiration or termination of this Agreement.

ARTICLE VI

REPAIRS AND MAINTENANCE

6.1 PPC's Obligations. (a) PPC shall maintain the structural integrity of and shall repair the roof, exterior walls, floors, foundations, pavements and pilings of all Terminal buildings and structures, maintain and repair the structural integrity of the Wharf Structure, as hereinafter defined, maintain and repair the mooring capstans and the fendering system, perform exterior painting required to preserve all such

buildings and structures, perform any necessary maintenance and repairs to any perimeter fencing on the Terminal, and perform any required structural maintenance and repairs as distinguished from nonstructural maintenance and repairs, all when not caused by HOLT, its employees, agents, contractors, invitees or licensees and as PPC reasonably shall determine, taking into account among other things, the operational needs of the Terminal. PPC shall determine the type of fendering system to be employed at the Terminal. PPC shall also perform structural maintenance of and repairs to the underground systems of water, sewer and electric utilities upon the Terminal. PPC's obligations hereunder shall include maintenance and repairs of the scales and track, including switches, on the Terminal and the furnishing and maintenance of safe berths, including moorage and approaches to the berths as PPC reasonably shall determine. In addition, PPC shall complete the refurbishing of the interior of transit shed #2 at the Terminal with reasonable promptness. Except as expressly provided in this Agreement, PPC shall not be obligated to make any repairs, alterations, additions or betterments to the Terminal during the Term hereof. Subject to Section 14.1 hereof, PPC's obligation to maintain and repair as described above shall be deemed to require PPC to maintain and repair those portions of the Terminal for which it is responsible in their "as is" condition as of the date of the survey referred to in Section 14.1 or their repaired or upgraded condition with respect to

those matters which are repaired or upgraded by PPC as a result of and following the survey referred to in Section 14.1.

(b) Upon completion of any of the the Capital Improvements, PPC shall maintain and repair those elements of the Capital Improvements set forth in Section 6.1(a) which have been completed in good and operable condition.

(c) PPC shall repair or cause to be repaired any damage to the Terminal caused by any stevedoring company (other than HOLT) which PPC has informed HOLT is a registered stevedoring company pursuant to Section 1.6, any tenant (other than HOLT) of the NOCS Premises, or any tenant (other than HOLT) of Berth #6, including damage caused by such tenant of Berth #6 while exercising its license rights, if any, to use Berth #5. PPC shall be responsible for performing or causing to be performed, to the extent required by law, appropriate remedial action or response action required by contamination caused by any registered stevedoring company (other than HOLT), any tenant (other than HOLT) of the NOCS Premises, or any tenant (other than HOLT) of Berth #6, including any contamination caused by such tenant of Berth #6 while exercising its license rights, if any, to use Berth #5. Nothing herein shall be deemed to impair PPC's right to contest any governmental agency's orders or directives with respect to such contamination or remedial or response action. For the purposes of this Section 6.1(c) contamination shall have the meaning set forth in Section 10.3(b).

(d) If PPC fails to perform any of its obligations of maintenance, painting, or repair under this Section 6.1, then HOLT, at its option, if PPC fails to perform any such obligation after having received thirty (30) days written notice from HOLT, may lend to PPC at 0% interest funds sufficient to permit PPC to perform such maintenance, painting, or repairs; provided, however, that HOLT shall not be permitted to advance and PPC shall not be required to accept any sums loaned pursuant to the terms of this Section 6.1 which exceed, at any one time, Fifteen Thousand Dollars (\$15,000). Upon receipt of funds loaned by HOLT pursuant to the terms of this Section 6.1, PPC shall proceed according to its procedures and regulations to secure contractors for the maintenance, painting, or repairs required to be made by it, and for which funds have been advanced by HOLT pursuant to the terms of this Section 6.1, and shall use such funds for such purposes only. Any such loan shall be repaid in the following manner: on the fifteenth day of the month following completion of the maintenance, painting, or repairs referred to in the preceding sentence, and on the fifteenth day of each month thereafter, HOLT shall be entitled to a credit in an amount up to fifty percent (50%) of all Base Compensation payable to PPC by HOLT in that month, which sums shall be credited against the outstanding balance of such loan, until such time as such loan has been repaid in full. Amounts loaned pursuant to this Section 6.1 shall be repaid to HOLT by

means of such credit prior to amounts loaned pursuant to other sections hereof.

6.2 HOLT's Obligations.

(a) HOLT shall, at all times, keep the Terminal in a neat, clean and orderly condition. HOLT shall perform all nonstructural maintenance and repair, including without limitation sweeping, snow removal, trash removal, all interior painting (provided that the obligation to perform any painting of the interior of transit shed #2 shall not begin until PPC shall have completed the refurbishing thereof as referred to in Section 6.1), traffic or terminal striping, relamping of Terminal lights, replacing light bulbs, cleaning closed drains, daily janitorial service, storm drain inlet maintenance and repair, rolling and sliding door maintenance and repair, Terminal electrical signage maintenance and repair, gatehouse equipment maintenance and repair, carpet, tile and vinyl floor replacement, and shall be responsible for security in and about the Terminal. HOLT shall use every reasonable precaution against fire. HOLT shall perform aboveground maintenance and repair of water, sewer and electric utilities upon the Terminal. HOLT shall be liable, at its own expense, to make all repairs to windows, irrespective of cause. HOLT shall make all repairs to the Terminal within a reasonable period of time where the damage is caused by HOLT or its employees, agents, contractors, invitees, or licensees, including persons performing work on the Terminal at the request or under the direction of HOLT. HOLT's obligations hereunder shall be to

maintain and repair those elements of the Terminal for which it is responsible in the condition they were in at the commencement of HOLT's possession; provided, that upon any repair or upgrading of such element by PPC following the survey referred to in Section 14.1, HOLT shall maintain and repair such elements for which HOLT is responsible in their repaired or upgraded condition.

(b) Upon the completion of the Capital Improvements, HOLT shall maintain and repair those elements of the Capital Improvements set forth in Section 6.2(a) in good and operable condition.

(c) In the event any alterations or improvements shall be made by HOLT which can easily be removed without damage to the Terminal, or trade fixtures installed by HOLT which can be removed without injury to the Terminal, such alterations, improvements or trade fixtures shall remain the property of HOLT, and upon the expiration or termination of this Agreement HOLT may remove the same within the HOLT Equipment Renewal Period, provided that HOLT shall repair and restore any damage to the Terminal caused thereby. Any such alterations, improvements or trade fixtures which are not removed by HOLT from the Terminal within the HOLT Equipment Removal Period shall be and remain the property of PPC. It is expressly agreed that the HOLT Cranes shall in no event be deemed to be fixtures. HOLT agrees that if and when any repairs, alterations, additions or betterments shall be made by it as provided in this Section 6.2, it promptly shall

pay for all labor done or materials furnished and shall keep the Terminal free of all liens and shall comply with the applicable provisions of Article VII.

6.3 Clearing of Apron. Upon the departure of a vessel which has been berthed at the Terminal, HOLT, at its sole cost and expense, shall forthwith clear the apron of the wharf of HOLT's cargo and equipment, if any, for the wharf's entire length inboard one hundred seventy-five feet (175') from the face of the wharf if such cargo and equipment would hinder the ability of another stevedoring company to perform its services.

6.4 Wharf Structure. Notwithstanding anything to the contrary in this Agreement, if damage to the Wharf Structure is caused by the acts of or failure to act by HOLT, its officers, employees, agents, contractors, invitees, or licensees, including persons performing work on the Terminal at the request or under the direction of HOLT, PPC may make all necessary repairs and HOLT agrees to reimburse PPC for all such costs incurred by PPC upon presentation of supporting documentation by PPC to HOLT to the extent such costs are not covered by insurance. For the purposes of this Agreement, the "Wharf Structure" shall mean and be defined as the beams, girders, subsurface support slabs, and prestressed concrete or wood piling located between the pier head line and the bulkhead line and any and all mooring dolphins that service the berths at the Terminal. The Wharf Structure shall not include the surface paving at the Terminal.

6.5 Fire Systems. All fire protection sprinkler systems, fire hydrant systems, standpipe systems, fire alarm systems, portable fire extinguishers and other fire protective or extinguishing systems or appliances which have or may be installed on the Terminal shall be maintained and repaired by HOLT in an operational condition and in accordance with all applicable laws at all times. All repairs and servicing shall be made in accordance with all applicable laws, including without limitation, the City of Philadelphia Fire Code and all additions, revisions and amendments thereto, and in accordance with the recognized standards relating thereto. HOLT shall cause a sprinkler system maintenance and inspection service, each as approved by the agency having jurisdiction over same, to carry out, respectively, systematic inspection, adjustment and maintenance, to the extent required by law, and to furnish reports of each such inspection to PPC. In the event the fire protection system must be replaced or overhauled in PPC's reasonable judgment, or if the system must be replaced as a result of legislative action, PPC shall, at its sole cost and expense, cause the system to be replaced or overhauled, as appropriate.

6.6 Load Limits. HOLT shall not place loads on the Terminal in excess of the maximum load limits which are set forth in the certification of PPC's engineer which are attached hereto as Exhibit I and made a part hereof, without the prior written consent of PPC.

6.7 Maintenance and Servicing of Cranes.

(a) During the Term hereof, HOLT shall at its own cost and expense provide crane operators to provide for the operation of the two (2) Kocks 45LT container cranes and one (1) Kocks combination heavy lift (385T) container crane located on the Terminal (collectively, the "PPC Cranes") and the HOLT Cranes, as hereinafter defined (the PPC Cranes and the HOLT Cranes are occasionally referred to herein collectively as the "Cranes"), and HOLT shall contract with an independent crane maintenance contractor to maintain and service the Cranes or undertake such maintenance and service by itself so as to keep them in the same operating condition they were in at the commencement of the first Lease Year or as subsequently retrofitted by PPC, subject to ordinary wear and tear, including without limitation the observance of the manufacturers' recommendations. PPC shall not be liable for the actions of any crane operator, crane maintenance contractor, or the employees of either of them.

(b) PPC shall not be liable for any claims, liabilities, costs and expenses, including, without limitation, consequential and incidental damages, arising out of or caused by a breakdown of the Cranes or their being out of service for any reason whatsoever (except to the extent caused by PPC's failure to perform its obligations hereunder), and HOLT hereby releases PPC from any such liability.

(c) PPC shall make crane parts available for purchase by HOLT from PPC's spare parts inventory at the fair market value for such parts.

6.8 Dredging. (a) During the Term hereof and any Renewal Period, PPC shall, at its sole cost and expense, and at such times as it reasonably determines necessary taking into account the soundings referred to in Section 6.8(b), and upon its obtaining all necessary permits and approvals (which PPC will pursue in a commercially reasonable manner), conduct maintenance dredging alongside Berths #1 through #5 at the Terminal to a depth of thirty-five (35) feet from Mean Low Water Datum ("MLWD"). Upon the presentation by HOLT to PPC of reasonable evidence illustrating a reasonable, current business need, PPC shall, upon its obtaining all necessary permits and approvals (which PPC will pursue in a commercially reasonable manner), dredge alongside Berths #1 through #5, to the extent of such demonstrated need, to a depth of forty (40) feet from MLWD. In the event and promptly after PPC receives adequate funding designated or otherwise permitted to be used for dredging, PPC shall dredge Berths #4 and #5 to a depth of forty (40) feet from MLWD without the requirement of a prior demonstrated need. PPC shall conduct maintenance dredging to a depth of forty (40) feet from MLWD alongside any such Berth that PPC has previously caused to be dredged to such depth so long as a reasonable, current business need exists for such a depth to be maintained.

(b) Promptly following commencement of the first Lease Year, PPC, at its cost and expense, shall provide to HOLT a current sounding report from a reputable engineering company showing the depth of the river, at MLWD, alongside Berths #1 through #5 at the Terminal. During the Term of this Agreement, HOLT, at its cost and expense, shall cause a reputable engineering company to perform soundings alongside Berths #1 through #5 at the Terminal and shall make the results of such soundings available to PPC. HOLT shall cause such soundings to be made periodically during the Term as HOLT determines is necessary, but in any event HOLT shall cause such soundings to be made at least once per year during the Term of this Agreement.

6.9 Access. PPC, its contractors, invitees and their respective employees shall have the right of access to the Terminal to perform their respective duties, responsibilities and jobs as contemplated under this Article VI and to determine the state of maintenance and repair. PPC will schedule such access, to the extent possible, so as to not unduly interfere with any terminal operations. PPC shall, at its expense, make all improvements and repairs to the Terminal for which it is responsible within a reasonable period of time and shall be responsible for all damage to cargo, containers and all other property of others located on the Terminal when such repair is necessitated by or damage is caused by the negligent or wrongful acts of PPC or its employees, agents, contractors, lessees, invitees, or licensees.

6.10 PPC's Rights. Should HOLT fail to make any repairs or perform any maintenance for which it is responsible, including without limitation any repair or maintenance to the Cranes, PPC shall have the option to make or perform the same if HOLT fails to do so after having received thirty (30) days written notice from PPC or immediately if in PPC's reasonable business judgment the repairs required must be made to prevent further damage, injury or loss. Upon receipt of an invoice together with supporting documentation, as appropriate, from PPC, HOLT shall promptly reimburse PPC for the reasonable cost thereof. The making of such repairs by PPC shall in no event be construed as a waiver of the duty of HOLT to make repairs as herein provided.

ARTICLE VII

EQUIPMENT; CAPITAL IMPROVEMENTS

7.1 Provision. HOLT shall provide the equipment necessary for the efficient operation of the Terminal, including without limitation all container handling equipment such as tractors, fork lifts, chassis, and top loaders, except the PPC Cranes, which shall be provided by PPC.

7.2 New Equipment. On the Effective Date, HOLT shall have ordered new, state-of-the-art container and breakbulk handling equipment for use at the Terminal, exclusive of the HOLT Cranes, as listed on Exhibit J. The cost of such new equipment

shall aggregate not less than \$7,700,000. HOLT shall provide to PPC copies of the invoices evidencing the cost of such equipment. All such equipment shall be provided and used at the Terminal on an as needed basis as reasonably determined by PPC (an item of such equipment shall never be deemed not needed because HOLT supplied a similar, but not new, item of equipment). HOLT shall maintain and operate such equipment in conformity with the manufacturers' instructions and any and all applicable rules and regulations of any governmental authority or regulatory agency having jurisdiction therefor.

7.3 Required Equipment. Any modification, improvement, or addition to the Terminal (other than the Capital Improvements), and any equipment installation or system modification required by the Fire Department of the City of Philadelphia, Department of Licenses and Inspections of the City, Coast Guard, Environmental Protection Agency, or any other local, regional, state or federal agency ("Required Equipment") as a result of any modification, improvement, or addition to the Terminal (other than the Capital Improvements) or an equipment installation or system modification made by HOLT shall be constructed, installed or made at HOLT's sole cost and expense and in accordance with all rules of such requiring agency. Any Required Equipment necessitated by a change in the laws or regulations of such requiring agency or as a result of the construction of the Capital Improvements or as a result of any other improvements made by PPC shall be constructed or installed

at PPC's sole cost and expense and in accordance with all rules of such requiring agency.

7.4 New Cranes. HOLT shall provide, at its sole cost and expense, on or before September 8, 1989 a Paceco container crane suitable for use on the Terminal's crane rail system, and shall contract with a container crane manufacturer for the purchase, delivery and installation of a second container crane similar to the Paceco crane referred to above, or a current model year make of another crane of equal quality and specifications, suitable for use on the Terminal's crane rail system within the later of ninety (90) days of HOLT's execution of this Agreement or thirty (30) days after the commencement of the first Lease Year (such two cranes are collectively referred to as the "HOLT Cranes"). HOLT shall cause the first of the HOLT Cranes to be delivered, installed and operational on or before September 8, 1989, and the second of the HOLT Cranes to be delivered, installed and operational on or before twelve (12) months after HOLT's entering into the contract therefor. Notwithstanding the above, in the event HOLT is unable to deliver, install and make operational either HOLT Crane by the respective times set forth in the preceding sentence for reasons beyond HOLT's control, HOLT shall not be in default hereof so long as HOLT consults with PPC as to the progress in delivering, installing and making operational the delayed HOLT Crane and uses its best efforts to deliver, install and make operational such HOLT Crane as promptly as possible. The HOLT Cranes shall be and remain at the Terminal

until the expiration or termination of the Term and any Renewal Period subject to Section 2.6(c). If HOLT, during the Term of this Agreement or any renewals thereof, provides any additional container cranes to the Terminal, such cranes will also be deemed HOLT Cranes and shall be subject to the same terms and conditions applicable to the HOLT Cranes as set forth herein.

7.5 Ownership of HOLT Cranes and Equipment. The HOLT Cranes and all other equipment provided by HOLT (including without limitation that equipment described in Sections 7.1 and 7.2) shall be and remain the property of HOLT. If HOLT and PPC have not extended the Term pursuant to Section 2.4, then upon the expiration or termination of this Agreement at or before the end of the initial Term, PPC shall have the option to purchase any one or more of the HOLT Cranes at their fair market value and on other mutually agreeable terms. In the event PPC elects to purchase one or more HOLT Cranes pursuant to this Agreement, HOLT shall deliver good title to each such HOLT Crane, free and clear of all liens, encumbrances and security interest. PPC shall exercise such option, if at all, by giving written notice thereof to HOLT not less than ninety (90) days prior to the end of the initial Term or simultaneously with any notice to terminate this Agreement given by PPC. In the event HOLT terminates this Agreement pursuant to Section 4.4, PPC shall have a period of thirty (30) days after PPC's receipt of notice to terminate from HOLT in which to exercise, in writing, its option to purchase any one or more of the HOLT Cranes. If HOLT and PPC are unable to

mutually agree upon the fair market value of and other terms relating to any HOLT Crane(s) which PPC has notified HOLT of PPC's desire to purchase in accordance with this Section 7.5, within thirty (30) days of PPC's delivery of such notice to HOLT, then PPC's option to purchase such HOLT Crane(s) shall terminate. If HOLT and PPC have extended the Term pursuant to Section 2.4, then upon the expiration or termination of this Agreement during the first Renewal Period, if such occurs, PPC shall have the option to purchase any one or more of the HOLT Cranes at their appraised value, which option shall be exercised, if at all, in the same manner as stated above in this Section 7.5. To the extent that PPC elects not to exercise its option to purchase any HOLT Crane, HOLT shall remove, at its sole cost and expense, any of the HOLT Cranes that PPC did not elect to purchase. Immediately upon notification by PPC of its election not to purchase any one or more of the HOLT Cranes, HOLT shall commence and diligently conduct the removal of any HOLT Crane not purchased by PPC in accordance with this Section and Section 2.6. The parties shall cooperate with one another as promptly as possible after the parties have determined that the HOLT Cranes will be removed from the Terminal in arranging a mutually satisfactory schedule and plan (the "Plan") for the dismantling and removal of the HOLT Cranes during the HOLT Crane Removal Period. Such Plan shall take into account the interest of PPC in operating the Terminal to the maximum extent commercially reasonable and the interest of HOLT in removing the HOLT Cranes

in as expeditious a manner as possible without incurring premium or extra costs. In the event the HOLT crane removal schedule included within such Plan extends past the last date of the HOLT Crane Removal Period, such HOLT Crane Removal Period shall be deemed extended to the first day after the last work identified on such schedule is scheduled to be completed. In the event a notice to terminate is given less than ninety (90) days prior to the effective date of such termination, the HOLT Crane Removal Period shall be extended by the number of days by which the date of such notice was less than ninety (90) days prior to the effective date of such termination. If the parties cannot agree upon such a Plan within fifteen (15) days after it has been determined that one or more of the HOLT Cranes is to be removed, then they shall submit the matter to binding private dispute resolution before Judicate, Inc. in Philadelphia, Pennsylvania or other mutually acceptable private dispute resolution body, and the decision of such private dispute resolution body shall be final and binding upon the parties.

7.6 Placement of the HOLT Cranes. PPC, HOLT and outside crane experts, as selected by HOLT and PPC, shall determine the placement of the HOLT Cranes on the crane rails. The heavy lift crane presently upon the Terminal shall be used in the heavy lift mode in only the area of the Terminal shown on Exhibit K attached hereto and made a part hereof.

7.7 HOLT's Improvements.

(a) Approval of Plans. HOLT shall not construct, effect major repairs or restorations of, alter or demolish any works, structures or other improvements upon the Terminal, including a change in the grade thereof, without first submitting to PPC a complete set of drawings, plans, and specifications and obtaining PPC's written approval, which approval shall not be unreasonably withheld, and any approvals of the City and Commonwealth, to the extent required, and any approvals required by law. PPC shall have the right to order changes in said drawings, plans and specifications for reasonable cause and HOLT shall make such changes at its expense.

(b) Compliance with Applicable Laws. Every work, structure or improvement constructed, or alteration or change of grade made by HOLT shall conform with the plans and specifications as approved by PPC and any other entity or governmental agency whose approval is required, and shall conform in all respects to the applicable federal, state, regional, and local laws, statutes, ordinances, rules and regulations. The approvals given as provided in this Section 7.7 shall not constitute a representation or warranty as to such conformity and shall not relieve HOLT of its responsibilities with regard thereto.

(c) Cost of Permits. HOLT, at its own expense, shall obtain all permits necessary for such construction and shall require by contract that its contractors and subcontractors

comply with all applicable federal, state, and local statutes, ordinances, rules and regulations, and with the provisions of Section 23.1.

(d) Cost of Construction. All construction by HOLT pursuant to this Section 7.7 shall be at HOLT's sole expense. HOLT shall keep the Terminal free and clear of liens for labor and materials and shall hold PPC, the City and the Commonwealth harmless from any responsibility in respect thereto.

(e) Notices. HOLT shall give written notice to PPC, in advance, of the date it will commence any construction. Immediately upon the completion of the construction, HOLT shall notify PPC of the date of such completion and shall, within thirty (30) days after such completion, file with PPC a statement, verified by an appropriate officer of HOLT, setting forth the cost of the labor and material used. HOLT shall also file with PPC, in a form acceptable to PPC, a set of "as built" plans for such construction.

(f) Ownership. All improvements, works and structures made or erected by HOLT upon the Terminal under this Section 7.7 shall be and become the property of PPC, except as provided in Section 6.2.

(g) Diligence. HOLT will proceed diligently to construct its improvements upon the Terminal without delay, and in a good and workmanlike manner, employing therefor workers and materials satisfactory in quantity and quality to PPC.

(h) Inspections.

(i) HOLT will permit and assist PPC or PPC's representatives to make inspections of the Terminal and HOLT's improvements. Prior to the commencement of any construction by HOLT, HOLT shall provide to PPC a construction schedule. HOLT and PPC shall establish an inspection schedule setting forth reasonable and appropriate times for PPC to make such inspections, although PPC may choose to inspect more frequently. If upon any such inspection PPC in writing reasonably rejects as unsound or improper and not in substantial compliance with the plans any portion of the improvements or any materials used or to be used therein, HOLT will promptly commence to remove from the Terminal or improvements (as the case may be) all rejected materials, and will take down and replace (or, at PPC's option, repair) any portion of such improvements so rejected.

(ii) PPC's inspections are solely for PPC's benefit and no action or inaction by PPC shall constitute any representation that such improvements comply with the respective plans or that such improvements are sound or free from defects in material, design or workmanship.

(i) City and Commonwealth. The City and the Commonwealth, by joining in this Agreement for the limited purposes set forth on the signature page hereof, as fee and leasehold owner of the Terminal, as their respective interest may appear, consent to the repairs, restorations, alterations and demolition by HOLT which PPC may from time to time approve under

this Section 7.7, to the extent required under the Consolidated Lease, the Port Improvements Lease or the Commonwealth Sublease, or in any other instrument, lease or agreement.

(j) Mechanics' and Materialmen's Lien Waivers.

Prior to the commencement of any construction or other performance by a contractor, subcontractor or materialman under a contract with HOLT for improvements at the Terminal, HOLT shall cause a waiver of mechanics' and materialmen's liens from all such contractors, subcontractors and materialmen to be filed in accordance with the Pennsylvania mechanics' lien law.

7.8 PPC's Improvements.

(a) PPC Constructed Improvements. Subject to the provisions of this Section 7.8, the following capital improvements shall be constructed or reconstructed by PPC at the Terminal during the Term of this Agreement:

(i) Each of the following capital improvements (hereinafter collectively called the "Near Term Capital Improvements"):

(A) Gate House. The existing Gate House at the Terminal shall be demolished, and a new Gate House shall be constructed at a location, of a size and with such number of lanes as mutually agreed to by PPC and HOLT. In connection with the construction of the new Gate House, PPC shall use its best efforts to cause the City to strike and vacate that portion of Delaware Avenue bordering the westerly side of the Terminal as required in connection with the construction and use

of the new Gate House. PPC's failure or inability to have Delaware Avenue so stricken and vacated shall not be deemed a default under this Agreement. In the event that a portion of Delaware Avenue is so stricken and vacated, the portion thereof fee title to which vests in the fee owner(s) of the Port Facilities shall be included within the Terminal. If PPC is unable to cause the City to strike and vacate Delaware Avenue as contemplated by this Section 7.8(a)(i)(A), the new Gate House shall be constructed in accordance with this Section at a location upon the Terminal mutually agreed to by HOLT and PPC, and this Agreement shall remain in full force and effect. Prior to the construction of the new Gate House, HOLT may, at its sole cost and expense, and in accordance with the provisions of Section 7.7, construct a temporary Gate House upon the Terminal at a location mutually agreed to by PPC and HOLT. Upon the completion of the new Gate House, HOLT shall cause the temporary, Gate House to be demolished and removed from the Terminal, at HOLT's sole cost and expense.

(B) PPC Crane Retrofits. The PPC Cranes shall be comprehensively retrofitted to the point where they represent state-of-the-art equipment. Such retrofit shall include, without limitation, installation of state-of-the-art digital electronics (such as General Electric's DC-300 Genius I/O System) which incorporates digital electronics, a Series 6 programmable controller, an Operator Interface Terminal, and built-in diagnostics.

(C) Terminal Lighting. PPC

acknowledges that in connection with the demolition of the existing Gate House and the construction of the new Gate House, additional Terminal lighting may have to be constructed to provide adequate lighting in the Gate House area, and PPC shall install such lighting if needed.

(ii) Each of the following capital improvements (hereinafter collectively called the "Long Term Capital Improvements"):

(A) Extension of Crane Rail. The existing Terminal Crane rail shall be extended by approximately 600 feet, as shown on Exhibit L.

(B) Demolition of "F" Building. The "F" Building shown on Exhibit L shall be demolished and all debris removed.

(C) Partial Demolition of "B" Building. A portion of "B" Building, up to 60' in length on the quay side, generally as shown on Exhibit L, shall be demolished and all debris removed, to the extent such demolition will not destroy the structural integrity of "B" Building.

(D) Demolition of Office and Maintenance Building. The Office and Maintenance Building shown on Exhibit L shall be demolished and all debris removed.

(E) 128 Reefer Plugs. From time to time during the Term, upon presentation to PPC by HOLT of reasonable evidence demonstrating a reasonable, current business

need, up to an additional 128 reefer plugs (or such lesser number needed as of that time) shall be installed in the area shown on Exhibit L. Such reefer plugs shall be installed at areas designated by HOLT and reasonably acceptable to PPC.

(F) Paving. The areas in which the buildings to be demolished under clauses (B), (C) and (D) of this Section 7.8(a)(ii), and the areas adjacent thereto (if needed), shall be paved or repaved, as the case may be.

(b) HOLT's Option to Advance Funds for Near Term Capital Improvements.

(i) House Bill 1743, known as the Capital Budget Project Itemization Act for 1987-88, stipulates that project funds itemized in Sections 3(12) (VIII) (C), (D), (E), (G), (I) and (L) thereof, including all those pertaining to Terminal projects, will not be distributed or expended "until such time as legislation is enacted by the General Assembly that revises the method of governance of the Philadelphia Port Corporation or its successor agency" ("Legislative Release"). If, within nine (9) months of the Effective Date, there is a Legislative Release of capital funds designated for the Terminal, then PPC will initiate the Near Term Capital Improvements in an expeditious manner. In the event that no Legislative Release occurs within nine (9) months of the Effective Date, HOLT, at its option, at any time thereafter, may lend to PPC at 0% interest funds sufficient for the financing of the Near Term Capital Improvements, and PPC shall proceed to secure contractors for and

proceed with the construction of the Near Term Capital Improvements according to its procedures and regulations. Any such loan shall be repaid in the following manner: commencing on the later of the 15th day of the month following completion of the Near Term Capital Improvements or July 15, 1990, and on the 15th day of each month thereafter, HOLT shall be entitled to a credit in an amount not to exceed, together with all other credits on account of permitted loans by HOLT, fifty (50%) percent of Base Compensation payable to PPC by HOLT in that month, which sums shall be credited against the outstanding balance of such loan until such time as such loan has been repaid in full.

When Commonwealth funds sufficient to cover all costs associated with the construction of any one or more of the Long Term Capital Improvements are Legislatively Released, PPC shall use its best efforts to assure the initiation of such Long Term Capital Improvements in an expeditious manner.

Near Term Capital Improvements and Long Term Capital Improvements are occasionally referred to herein collectively as the "Capital Improvements." If PPC fails to construct any Capital Improvement because a Legislative Release therefor has not been obtained, such failure to construct shall not constitute a breach by PPC of any of its obligations hereunder.

(ii) If HOLT lends funds to PPC for the Near Term Capital Improvements pursuant to this Section 7.8(b), then notwithstanding the provisions of Sections 3.1(a) and 3.1(d), the

Minimum Annual Payment shall be \$630,000 for Lease Year 1 and \$900,000 for Lease Year 2 and each Lease Year thereafter, and the Additional Guarantee shall not be payable or apply, until the date on which such loans are repaid in full. Nothing herein is intended to or shall be construed to relieve HOLT from paying in full the Container Pick Fees, the Breakbulk Fees, the Intermodal Fees and the Gross Receipts Fees pursuant to Section 3.1.

(c) Effect on HOLT's Operations. HOLT recognizes that its operations will be affected during the time construction or reconstruction of the Capital Improvements is carried out. HOLT agrees that PPC, the Commonwealth and the City are not liable for damages resulting from delays in construction or from inability to construct the Capital Improvements. HOLT agrees the completion of the Capital Improvements is not a condition precedent to this Agreement's becoming effective or remaining in effect. PPC shall use its best efforts to see that the work does not unreasonably interfere with any terminal operations; however, nothing in this Section 7.9(c) shall be deemed to require PPC to conduct such work at night or at times other than normal business hours except on an occasional basis as necessary to prevent significant interference with terminal operations.

(d) Supervision of Work. HOLT recognizes that PPC and/or the Commonwealth and/or the City reserve total control over the design of the Capital Improvements, award of any contracts, and supervision of contractors for work undertaken by PPC, provided that PPC shall consult with and take into account

the advice of HOLT in the design of the Capital Improvements and the construction thereof. The foregoing sentence shall not be deemed to require PPC to accept HOLT's advice. During construction of the Capital Improvements, HOLT shall give no orders to any contractors unless first requested or permitted in writing by PPC to do so. HOLT agrees to cooperate fully with contractors in providing all necessary access to the Terminal and generally cooperating with contractors.

(e) City and Commonwealth. The City and the Commonwealth, by joining in this Agreement for the limited purposes set forth on the signature page hereof, as fee and leasehold owner of the Terminal, as their respective interest may appear, consent to the construction, reconstruction and demolition by PPC of certain improvements described in this Section 7.8, to the extent required under the Consolidated Lease, the Port Improvements Lease or the Commonwealth Sublease, or any other instrument, lease or agreement.

(f) Mechanics' and Materialmen's Lien Waivers. Prior to the commencement of any construction or other performance by a contractor, subcontractor or materialman under a contract with PPC for improvements at the Terminal, PPC shall cause a waiver of mechanics' and materialmen's liens from all such contractors, subcontractors and materialmen to be filed in accordance with the Pennsylvania mechanics' lien law.

ARTICLE VIII

UTILITIES

8.1 Utilities. Utility costs including costs of water, electricity, gas, propane and sewer service billed to the Terminal, will be borne by HOLT. HOLT shall pay any such utility costs for which it is responsible with respect to the Terminal when due and payable and prior to the imposition of any late charge or penalty by the supplier of the utility. HOLT shall be solely responsible for any such late charge or penalty. PPC promptly will provide separate metering of all utilities at the Terminal. Until PPC provides such separate metering, the cost of unmetered utilities shall be fairly allocated on an estimated usage basis by PPC. HOLT shall at its sole cost and expense pay all costs of utilities used by it other than the utilities listed above, including telephone service.

ARTICLE IX

TAXES

9.1 Taxes. HOLT covenants and agrees to pay all lawful taxes, assessments or charges which may be levied by any federal, state, county, city or any tax or assessment levying agency imposed upon HOLT in connection with HOLT's activities at the Terminal (collectively "Imposition"). HOLT shall not permit any tax lien, other than the lien of taxes not yet due and

payable, to attach to the Terminal, PPC's interest therein, the HOLT Cranes or any other property of HOLT on or about the Terminal.

9.2 Appeals. HOLT shall have the right to contest or object to the amount or validity of any such Imposition by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending the covenants of HOLT to pay any such Imposition at the time and in the manner provided in Section 9.1, unless HOLT shall have given prior written notice to PPC of intent to so contest or object to an Imposition, and unless, at PPC's sole option, (i) HOLT shall demonstrate to PPC's satisfaction that the legal proceeding shall operate conclusively to prevent the placing of a lien on the Terminal, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; or (ii) HOLT shall furnish a good and sufficient bond or surety as requested by and satisfactory to PPC; or (iii) HOLT shall have provided PPC with a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

ARTICLE X

ENVIRONMENTAL MATTERS

10.1 Environmental Matters. HOLT represents, warrants and covenants that it shall comply at all times with the

following terms of this Agreement relating to environmental matters. HOLT shall not, however, be responsible for any noncompliance to the extent attributable to (i) contamination already existing before the first day of the first Lease Year, (ii) contamination caused by PPC after the first day of the first Lease Year and (iii) provided that HOLT promptly gives PPC oral (and promptly thereafter written) notice thereof, (A) contamination arising from Berth #5 and caused by or through DRS until DRS vacates the premises which it now occupies under the Berth #6 Lease; (B) contamination caused by other stevedoring companies referred to in Section 1.14; or (C) contamination caused by the tenant (other than HOLT) of the NOCS premises or any tenant (other than HOLT) of Berth #6. Nothing herein shall be deemed to impair HOLT's right to contest any governmental agency's orders or directives with respect to environmental matters.

10.2 Compliance With Law.

(a) HOLT shall conduct all of its activities at the Terminal in compliance with all statutes, ordinances, regulations, orders, and requirements of common law concerning (i) those activities, (ii) repairs or construction of any improvements, (iii) handling of any materials, (iv) discharges to the air, soil, the Delaware River, or other surface water or groundwater, and (v) storage, treatment, or disposal of any waste at or connected with any activity at the Terminal ("Environmental Statutes"). HOLT shall obtain all permits, licenses, or

approvals and shall make all notifications and registrations required by Environmental Statutes with respect to operation of the Terminal and its activities at the Terminal. PPC shall cooperate with HOLT in obtaining such permits, licenses or approvals; such cooperation shall include the provision to HOLT of information in PPC's control or possession. HOLT shall at all times comply with the terms and conditions of any such permits, licenses, approvals, notifications, or registrations.

(b) HOLT shall provide to PPC copies of all of the following, to the extent they pertain to HOLT's operation of or its activities at the Terminal:

(i) applications or other materials submitted to any governmental agency in compliance with Environmental Statutes;

(ii) any notification submitted to any person pursuant to Environmental Statutes;

(iii) any permit, license, approval, or amendment or modification thereto granted pursuant to Environmental Statutes;

(iv) any record or manifest required to be maintained pursuant to Environmental Statutes; and

(v) any correspondence, notice of violation, summons, order, complaint, or other document received by HOLT pertaining to compliance with Environmental Statutes.

(c) HOLT shall promptly comply with any request by PPC that HOLT:

(i) provide information or access to the Terminal reasonably necessary to enable PPC to demonstrate to a third person or governmental agency that no violation of Environmental Statutes or contamination as defined in this Article X has existed or does exist at the Terminal; or

(ii) provide signatures, acknowledgments, affidavits, or otherwise cooperate in a reasonable manner to reasonable requests by PPC to obtain any governmental approvals necessary under Environmental Statutes to transfer any interest in the Terminal or to transfer any permit or approval held by PPC under Environmental Statutes.

10.3 Site Contamination.

(a) HOLT shall not cause or suffer contamination of the Terminal, provided, however, that nothing herein shall be deemed to create an obligation on the part of HOLT with respect to (i) contamination already existing before the first day of the first Lease Year, (ii) contamination caused by PPC after the first day of the first Lease Year, or (iii) provided that HOLT promptly gives PPC oral (and promptly thereafter written) notice upon become aware thereof, (A) contamination arising from Berth #5 and caused by or through DRS until DRS vacates the premises which it now occupies under the Berth #6 Lease; (B) contamination caused by other stevedoring companies referred to in Section 1.14; or (C) contamination caused by the tenant (other than HOLT) of the NOCS Premises or the tenant (other than HOLT) of Berth #6. HOLT shall at all times handle hazardous substances and cause

hazardous substances to be handled in a manner which will not cause an undue risk of contamination of the Terminal or the surrounding waters.

(b) For purposes of this Article X and the Agreement, the term "contamination" shall mean the uncontained presence of hazardous substances at the Terminal, or arising from the Terminal which may require remediation under any applicable law.

(c) For purposes of this Article X and the Agreement, "hazardous substances" shall mean "hazardous substances" as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, "regulated substances" within the meaning of Title I of the federal Resource Conservation Recovery Act, "hazardous substances" or "contaminants" as defined pursuant to the Pennsylvania Hazardous Sites Cleanup Act, "hazardous waste" as defined pursuant to the Pennsylvania Solid Waste Management Act, or any other substances which may be the subject of liability pursuant to the Pennsylvania Clean Streams Law.

10.4 Other Hazardous or Toxic Material. HOLT shall not handle or permit the introduction of polychlorinated biphenyls ("PCBs"), as defined pursuant to the federal Toxic Substances Control Act, substances containing PCBs, asbestos, or materials containing asbestos, on or onto the Terminal. Should HOLT discover the presence of asbestos or PCBs which were not present prior to the first day of the first Lease Year on the Terminal,

HOLT shall take all steps necessary promptly to remove and to dispose of those materials in compliance with law. Should HOLT discover the presence of asbestos or PCBs on the Terminal which were present prior to the first day of the first Lease Year, it shall notify PPC and the parties shall reach agreement upon whether said materials shall be removed and the manner in which they shall be removed. If such materials are removed, they shall be removed at the cost of PPC.

10.5 Disposal and Removal of Waste. HOLT shall, at its sole cost, through its own forces (if no license is required or if HOLT is properly licensed) or through contract with a reputable, private licensed refuse removal firm, remove and dispose of any waste generated at the Terminal, and for which HOLT is responsible under this Article X, in accordance with all Environmental Statutes.

10.6 Indemnification by HOLT. HOLT hereby agrees to indemnify, defend and hold PPC harmless of, from, and against any and all expense, loss, or liability suffered by PPC by reason of (a) HOLT's generation, manufacture, introduction, use, handling, transportation or disposal of hazardous substances, or (b) HOLT's breach of any of the provisions of this Article X, including (but not limited to) (i) any and all expenses that PPC may incur to comply with any Environmental Statutes; (ii) any and all costs that PPC may incur in studying or remedying any contamination at or arising from the Terminal; (iii) any and all costs that PPC may incur in studying, removing, disposing, or otherwise

addressing any materials which are the subject of this Article X; (iv) any and all fines, penalties, judgments or other sanctions assessed upon PPC by reason of a failure of HOLT to have complied with Environmental Statutes; (v) any and all loss of value of the Terminal by reason of (A) a failure of HOLT to have ensured compliance with Environmental Statutes, (B) contamination of the Terminal, or (C) the presence on the Terminal of any other hazardous or toxic materials which are the subject of this Article X; and (vi) any and all legal and professional fees and costs incurred by PPC in connection with the foregoing.

10.7 Indemnification by PPC. PPC hereby agrees to indemnify, defend and hold HOLT harmless of, from, and against (a) any and all expense, loss, or liability suffered by HOLT by reason of PPC's or any person's failure to have complied with any Environmental Statutes at or with respect to the Terminal before the first day of the first Lease Year and (b) any and all expenses, loss or liability suffered by HOLT by reason of (i) the disposal of hazardous substances by or on behalf of PPC or disposal of hazardous substances at the Terminal by any person or entity with no direct or indirect contractual relationship with HOLT, which disposal occurred either before or after the first day of the first Lease Year, (ii) contamination of the Terminal which existed prior to the first day of the first Lease Year, or (iii) contamination of the Terminal caused after the first day of the first Lease Year by PPC.

10.8 Inspections. PPC, the Commonwealth and their agents may, at reasonable times but without the necessity of notice, enter the Terminal to conduct reasonable inspections, tests, samplings, or other investigations to satisfy itself that HOLT has complied with the provisions of this Article X.

10.9 Remedies.

(a) Upon material breach by HOLT of any provision of this Article X, or upon a pattern of less significant breaches, PPC may at its sole discretion terminate this Agreement by written notice to HOLT, whereupon HOLT shall immediately vacate the Terminal. No breach of any provision of this Article X shall be grounds for termination of this Agreement unless (i) HOLT has received notice of said breach and (ii) after such notice, HOLT is not proceeding in good faith with all due diligence to bring itself into compliance with this Agreement and to cure any past noncompliance.

(b) The parties recognize that no adequate remedy at law may exist for a breach of this Article X. Accordingly, PPC may obtain specific performance of any provision of this Article X.

(c) This paragraph shall not be construed to limit any other remedies which PPC may have against HOLT hereunder, at law or in equity for a breach of this Article X.

10.10 Survival. The provisions of this Article X shall survive the expiration or termination of this Agreement. No subsequent modification or termination of this Agreement by

agreement of the parties or otherwise shall be construed to waive or to modify any provisions of this Article X unless the termination or modification agreement or other document expressly states in writing.

ARTICLE XI

ASSIGNMENT AND LICENSING

11.1 Assignment and Subleasing; Transfers of Stock.

(a) HOLT shall not assign, hypothecate, encumber or transfer this Agreement or any interest herein, in whole or in part, or sublease its interest in the Terminal, in whole or in part (each a "Transfer"), to any person or entity (each a "Transferee"), nor shall HOLT effect or permit the shareholders of HOLT to effect an issuance, trade, sale, pledge, hypothecation, assignment, or transfer of the capital stock of HOLT (each such transaction is herein call a "Stock Transaction") except as specifically permitted hereunder. Except as provided in Section 11.1(d), no Transfer shall be permitted if the Transferee is, and no Stock Transaction shall be permitted if, as a result thereof, the holder of any capital stock of HOLT would be, one or more of the following:

(1) a reputed member of or associated with organized crime or a criminal syndicate, a convicted felon, a racketeer, or similar disreputable persons or entities which in

PPC's reasonable opinion would tend to cause a substantial number of persons not to want to deal with PPC or use the Terminal;

(2) a party that has breached a material obligation with PPC, the City, or the Commonwealth;

(3) a person or entity with which the City or Commonwealth declines to deal as a matter of an authorized City or Commonwealth public policy as a result of such person's or entity's affiliation with a foreign government; or

(4) in the reasonable opinion of PPC, as to Transferees only:

(A) not financially and otherwise capable of carrying out in a satisfactory and timely manner all of HOLT's obligations hereunder,

(B) suspect in its capability, willingness or desire to conduct its operations at the Terminal in such a fashion as to maximize the use of the Terminal as set forth in Section 1.8 hereof and to fulfill the Public Policy and Objectives as set forth in Section 4.1 hereof.

(b) HOLT shall not effect or permit to be effected any Transfer or Stock Transaction without providing PPC with prior written notice thereof. No such Transfer or Stock Transaction may be effected during the twenty (20) day period following the giving of such notice. If at or before the end of the twenty (20) day period PPC informs HOLT that, in PPC's opinion, such Transfer or Stock Transaction will not violate the requirements set forth above, or if PPC fails to notify HOLT at

the end of such twenty (20) day period that such Transfer or Stock Transaction, in PPC's opinion, would violate such requirements, then HOLT may close the Transfer or Stock Transaction within the next one hundred twenty (120) days. If the Transfer or Stock Transaction is not closed within such one hundred twenty (120) day period, then HOLT shall be required to comply in full with the provisions of this Section prior to closing such Transfer or Stock Transaction. If PPC notifies HOLT on or before the end of the twenty (20) day period that the intended Transfer or Stock Transaction, as the case may be, in PPC's opinion, would violate such requirements along with the reason therefor, then HOLT will not close or permit the closing of the Transfer or Stock Transaction for an additional ten (10) days following such notice from PPC. Nothing herein contained shall be deemed to give PPC the right to prohibit the closing of any intended Transfer or Stock Transaction which satisfies all of the requirements and other provisions of this Section 11.1.

(c) Notwithstanding that one or more permitted Transfers or Stock Transactions may have occurred, if the Terminal shall cease to be managed by Holt Management at any time during the Term hereof, such an event shall constitute a material breach of this Agreement. As used in this Section "Holt Management" shall mean:

(1) for so long as he is in good health and sixty five (65) years of age or less, Thomas J. Holt; or

(2) One or more of Thomas J. Holt, Jr. and Leo Holt or such other member of the immediate family of Thomas J. Holt which other member may be approved for such purpose by PPC by entering into a formal amendment to this Agreement; or

(3) an adequate, competent staff of other management personnel which in PPC's reasonable judgment is comparable in knowledge and skill to the existing management personnel of HOLT at the execution of this Agreement.

(d) The provisions of this Section 11.1 shall not apply to (i) any Stock Transaction which is incident to a sale of any of the common stock of HOLT to not less than 100 purchasers in a public offering pursuant to a registration statement filed with the Securities and Exchange Commission and any subsequent resales of such stock on a public market or exchange, or sales of common stock permitted by Rule 144 of the Securities and Exchange Commission promulgated under the Securities Act of 1933, or (ii) any Stock Transaction involving securities which are non-voting (except as a class in matters required by law to be voted upon by the class, and except for voting rights permitted upon the occurrence of a certain event or set of facts which constitute a failure of HOLT to meet certain financial obligations).

11.2 PPC's Assignment and Successors. PPC shall have the right to assign, hypothecate, or transfer this Agreement, its interest in and to the Port Facilities, or any interest in either of the foregoing in whole or in part. PPC shall have the right

to trade, sell, assign or transfer any or all of its stock and to permit any of the foregoing. PPC has advised HOLT that, as a result of discussions between and among the Commonwealth, the City, and other interested parties, PPC may be reorganized or restructured, or some or all of its functions may be transferred to another entity. No such reorganization, restructuring, transfer or assignment shall in any way release HOLT from any of its obligations hereunder, and PPC, as so reorganized or restructured, and the successors or assignees to any of its interest in and to the Port Facilities as the case may be, shall be bound by PPC's obligations to HOLT and all other terms of this Agreement.

ARTICLE XII

SIGNS AND PUBLICITY

12.1 Signs. No signs or placards of an advertising or promotional nature shall be painted, inscribed or placed in or on the Terminal or any building or structure located thereon without the prior written consent of PPC, which shall not be unreasonably withheld. HOLT shall be permitted to paint, at its cost and expense, the HOLT logo and corporate name, along with PPC's corporate name, on the roofs of the sheds and on the Cranes. PPC agrees promptly to remove or repaint at its cost any sign (other than a sign painted on or attached to a roof of any building or any Crane at the Terminal) not painted over by HOLT. HOLT agrees

to remove promptly and to the satisfaction of PPC, at the cost and expense of HOLT, upon the expiration or the earlier termination of this Agreement, any and all signs and placards placed by it upon the Terminal.

12.2 Publicity. HOLT and PPC agree to cooperate with each other in advertising, promotion and marketing activities for the Terminal and the Port of Philadelphia.

ARTICLE XIII

DAMAGE TO THE TERMINAL

13.1 Damage and Destruction. [(a) In the event the Terminal or any part thereof, or any PPC Crane, is damaged or destroyed by fire or other casualty, provided that HOLT is not in default of this Agreement and that no event, occurrence, action or inaction which with the passage of time or giving of notice, or both, would render HOLT in default of this Agreement has occurred and is continuing, PPC shall, promptly and diligently, subject to the right of election in the next paragraph, restore, rebuild and repair the Terminal or the PPC Crane, as the case may be, to the extent of available insurance proceeds, as nearly as practicable to the condition existing immediately prior to such casualty.

(b) Notwithstanding the foregoing paragraph, if after the end of the seventh Lease Year there occurs a casualty which produces damage or destruction to the Terminal or any PPC

Crane in excess of One Million Dollars (\$1,000,000) as determined by an experienced, reputable independent contractor selected by PPC, then PPC, in its sole discretion, shall have the option to restore the Terminal or such PPC Crane, but shall not be obligated to do so, regardless of the availability of insurance proceeds. PPC shall notify HOLT of PPC's election within sixty (60) days of the occurrence of such casualty. In the event that PPC elects not to restore the Terminal or such PPC Crane, HOLT shall have the option of terminating this Agreement upon thirty (30) days written notice to PPC, provided that HOLT notifies PPC of its election so to terminate within thirty (30) days after HOLT's receipt of notice of PPC's election not to restore the Terminal or such PPC Crane, and upon such termination PPC shall repay the outstanding balance of any loans made by HOLT to PPC in accordance with the provisions of Section 4.2(b) if necessary. In the event HOLT fails to exercise its option to terminate this Agreement under this Section 13.1(b) within said thirty (30) days, HOLT's right to terminate this Agreement under this Section 13.1(b) shall immediately and irrevocably terminate. Notwithstanding the foregoing, if under this Section 13.1(b), PPC elects not to restore, rebuild and repair, then HOLT may elect to advance the funds in excess of One Million Dollars (\$1,000,000) to PPC for such purpose. Upon receipt of such funds from HOLT, PPC shall restore, rebuild and repair the Terminal and the PPC Cranes promptly and diligently and as nearly as practicable to the condition existing immediately prior to the damage or

destruction, and shall make available for such purpose the insurance proceeds recoverable on account of the damage or destruction up to One Million Dollars (\$1,000,000).

(c) In the event one of the HOLT Cranes, or any part thereof is damaged or destroyed by fire or other casualty, HOLT shall, with reasonable promptness and diligence, subject to the right of election in the next paragraph, restore, rebuild and repair the damaged HOLT Crane to the extent of available insurance proceeds in such a manner to enable the HOLT Crane to operate substantially the same as it operated immediately prior to such damage or destruction.

(d) Notwithstanding the foregoing paragraph, if after the end of the seventh Lease Year there occurs a casualty which produces damage or destruction to any HOLT Crane in excess of One Million Dollars (\$1,000,000) as determined by an experienced, reputable independent contractor selected by HOLT, then HOLT, in its sole discretion, shall have the option to restore the HOLT Crane, but shall not be obligated to do so, regardless of the availability of insurance proceeds. HOLT shall notify PPC of HOLT's election within sixty (60) days of the occurrence of such casualty. In the event that HOLT elects not to restore such HOLT Crane, PPC shall have the option of terminating this Agreement upon thirty (30) days written notice to HOLT, provided that PPC notifies HOLT of its election so to terminate within thirty (30) days after PPC's receipt of notice of HOLT's election not to restore such HOLT Crane, and upon such

termination, PPC shall repay the outstanding balance of any loans made by HOLT to PPC. In the event PPC fails to exercise its option to terminate this Agreement under this Section 13.1(d) within said thirty (30) days, PPC's right to terminate this Agreement under this Section 13.1(d) shall immediately and irrevocably terminate.

(e) In the event any portion of the Terminal or any PPC Crane is damaged or destroyed and PPC, pursuant to Section 13.1(b), elects not to restore, rebuild or repair such portion of the Terminal or PPC Crane, as the case may be, and HOLT has not terminated this Agreement, then PPC shall raze or otherwise make secure such portion of the Terminal or PPC Crane, as the case may be. In the event any of the HOLT Cranes are damaged or destroyed and HOLT, pursuant to Section 13.1(c), elects not to restore, rebuild or repair such HOLT Crane, and PPC has not terminated this Agreement, then HOLT shall raze or otherwise make secure such HOLT Crane.

(f) HOLT shall be entitled to an equitable reduction of the Base Compensation during any period in which the Cranes or the Terminal or any portion thereof is not useable by HOLT due to damage or destruction caused by a fire or casualty to which this Article XIII applies.

ARTICLE XIV
CONDITION OF TERMINAL AND PPC CRANES

14.1 Condition and Surrender of Terminal. HOLT and PPC will cause to be completed a joint survey of the Terminal and a joint survey of the PPC Cranes prior to the first day of the first Lease Year, which survey will reflect the state and condition of the Terminal, including the improvements, and the Cranes at the inception of this Agreement. Except as to repairs which PPC expressly agrees in writing to make or perform following such survey and except as to latent structural defects, the occupation or use of the Terminal by HOLT under this Agreement shall in itself constitute acknowledgment that the Terminal, the PPC Cranes, buildings, improvements, structures and facilities thereon are in a condition acceptable to HOLT. Except as to repairs which PPC expressly agrees in writing to make or perform following such survey, and except as to latent structural defects, HOLT agrees to accept said Terminal, the PPC Cranes, buildings, improvements, structures and facilities in their then existing condition, "as is", without any representations or warranties, expressed or implied whatsoever with regard to the Terminal, and except as set forth in the following sentence, PPC shall not be obligated to make any improvements or repairs thereto. PPC represents and warrants as of the date of this Agreement that there have been no material adverse changes to the condition of the Terminal from that condition shown in the report

prepared by Day and Zimmerman, Inc. and previously delivered to HOLT. HOLT covenants and agrees that at the expiration of the Term or earlier termination of this Agreement, it will quit and surrender said Terminal with all the improvements thereon in as good state and condition as the same were at the first day of the first Lease Year, excepting reasonable wear and tear.

Notwithstanding the foregoing, PPC shall use its best efforts to cause all debris and personal property, including without limitation, all such debris and property belonging to Izzy's Tires, to be removed from the Terminal by the date on which possession is to be delivered to HOLT under this Agreement, and to the extent PPC is unable to do so by such date, it thereafter shall diligently cause any such remaining debris and personal property to be removed.

ARTICLE XV

WAIVER

15.1 Waivers. No waiver by either party at any time of any of the terms, conditions, covenants or agreements of this Agreement shall be deemed or taken as a waiver at any time thereafter of the same or any other term, condition, covenant or agreement herein contained, nor of the strict and prompt performance thereof by the proper party. No delay, failure or omission of either party to exercise any right, power, privilege or option arising from any default, nor subsequent acceptance of

guarantee then or thereafter accrued, shall impair any such right, power, privilege or option, or be construed to be a waiver of any such default or relinquishment thereof, or acquiescence therein, and no notice by either party shall be required to restore or revive time as of the essence hereof after waiver by the other party of default in one or more instances. No option, right, power, remedy or privilege of either party shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. It is agreed that each and all of the rights, powers, options or remedies given to PPC or HOLT by this Agreement are cumulative, and no one of them shall be exclusive of the other or exclusive of any remedies provided by law, and that the exercise of one right, power, option or remedy by PPC or HOLT shall not impair its rights to any other right, power, option or remedy.

ARTICLE XVI

WAIVER OF CLAIMS; TERMINATION BY REGULATORY AGENCY OR COURT DECREE

16.1 Waiver of Claims. HOLT hereby waives any claim against PPC, the Commonwealth of Pennsylvania, the City of Philadelphia, and their officers, attorneys, agents or employees for damage or loss caused by any suit or proceedings initiated by any third parties directly or indirectly attacking the validity of this Agreement, or any part thereof, or by any judgment or

award in any suit or proceedings declaring this Agreement null, void or voidable, or preventing or delaying the same, or any part thereof, from being carried out. PPC and HOLT agree to cooperate in good faith in the defense of any such suit or proceeding. Nothing contained in the foregoing shall be deemed to permit any breach by PPC of its representation and warranty in the first two sentences of Section 1.10.

16.2 Termination by Regulatory Agency or Court Decree.

If a regulatory agency or a court of competent jurisdiction renders a decision which has become final and which will prevent the performance by PPC or by HOLT of their respective material obligations under this Agreement, then either PPC or HOLT may terminate this Agreement by written notice; thereafter all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination and except as otherwise stated herein) shall terminate.

ARTICLE XVII

FORCE MAJEURE

17.1 Force Majeure. Neither party hereto shall be deemed to be in breach of this Agreement by reason of failure to perform any of its obligations hereunder, if and to the extent that such failure is caused by a force majeure, which is a cause beyond the control of such party, such as an act of God, fire,

flood, explosion, acts of war, riot, civil disorder, casualty caused by third parties not under the control of the party seeking to invoke the application of this Section, strikes or work stoppages (except such strikes or work stoppages resulting from such party's "unfair labor practices," as that term is used at law) or governmental action.

The amount of Base Compensation payable by HOLT hereunder and HOLT's Activity Guarantees shall not be affected by an event of force majeure except that the Annual Minimum Payment, Additional Guarantees, and the Activity Guarantees shall be equitably reduced if and to the extent that an event of force majeure materially adversely affects the ability of HOLT to conduct maritime operations at the Terminal or the ability of a normal volume of vessels to use the Terminal.

ARTICLE XVIII

HOLT'S COVENANTS

18.1 HOLT's Further Covenants. HOLT further covenants that HOLT shall:

(a) Conduct all operations of HOLT at the Terminal in accordance with the guidelines of the United States Coast Guard, if any, and the Fire Department of the City of Philadelphia, including those attached hereto and made a part hereof as Exhibit M;

(b) Cause a boiler and machinery inspection service approved by the agency having jurisdiction over same, to make such inspections and certifications as are required by the Boiler and Unfired Pressure Vessel Regulations of the Pennsylvania Department of Labor and Industry, and furnish all reports of such inspections and all certifications resulting therefrom to PPC;

(c) Not remove, attempt or manifest any intention to remove any property from the Terminal other than in the ordinary course of business;

(d) Not vacate or permit the Terminal to be abandoned, nor cease operation of its business at the Terminal; and

(e) Not permit to remain, and promptly discharge (in no event later than thirty (30) days following the earlier of notice of filing by lien or any notice from PPC), at its cost and expense, all liens and charges upon the Terminal or any part thereof arising by reason of any labor or materials furnished or claimed to have been furnished to or on behalf of HOLT (except if furnished by PPC), its employees, agents, contractors, invitees or licensees (except other stevedoring companies) or by reason of any construction, alteration, addition, repair or demolition of any part of the Terminal by or at the direction of HOLT, its employees, agents, contractors, invitees, or licensees. PPC shall have, and is hereby given, authority to enter upon the Terminal at any reasonable time to post any notices in a

reasonable manner and at reasonable places which in its opinion shall be necessary to hold PPC, the City and the Commonwealth harmless from any claim or liability arising out of any work done on the Terminal by HOLT or at HOLT's direction. Notice is hereby given that PPC, the City and the Commonwealth will not be liable for any labor, services or materials furnished or to be furnished by HOLT, or to any one holding the Terminal through or under HOLT, and that no mechanic's or other such lien for any such labor or materials shall attach to or affect the interest of PPC in and to the Terminal.

18.2 Conditions. All of HOLT's covenants, agreements and provisions contained in this Agreement shall be deemed to be conditions of this Agreement, subject to applicable periods of grace and for cure.

ARTICLE XIX

REMEDIES

19.1 PPC's Remedies. If HOLT fails to pay in full when due any installment of Base Compensation or any other charge, expense or cost to be paid by HOLT under this Agreement, or otherwise fails to perform, violates or otherwise breaches any covenant or condition of HOLT in this Agreement, or fails to comply with any notice given under the terms of this Agreement, then, subject to Section 19.1(d) below:

(a) This Agreement, and the term hereby created, shall at the option of PPC terminate and become absolutely void without any right on the part of HOLT to save the forfeiture by payment of Base Compensation due, or by other performance of the condition violated. When the Agreement shall be so determined (except for a termination pursuant to Section 4.2 hereof), and also, when and as soon as the term hereby created shall have expired, it shall be lawful for any attorney, as attorney for HOLT, to sign an agreement for entering in any competent court an amicable action and judgment in ejectment, without any stay of execution or appeal, against HOLT and all persons claiming under HOLT for the recovery by PPC of possession of the Terminal, for which this Agreement or a copy hereof shall be a sufficient warrant, whereupon, if PPC so desires a writ of possession may issue forthwith without any prior writ or proceedings whatsoever. And, if for any reason after such action has been commenced, the same shall be discontinued and possession of the Terminal remain in or be restored to HOLT, PPC shall have the right in any subsequent defaults to bring one or more further amicable actions in the manner and form as hereinbefore set forth, to recover possession of the Terminal for such subsequent default. No such termination of this Agreement nor recovering possession of the Terminal shall deprive PPC of any remedies or action against HOLT for all arrears of Base Compensation or for damages for the breach of any covenant herein contained, nor shall the bringing of any such action for Base Compensation, or breach of covenant,

nor the resort to any other remedy herein provided for the recovery of Base Compensation and of other monies due hereunder or for damages for breach of covenant be construed as a waiver of the right to insist upon the forfeiture and to obtain possession in the manner herein provided.

(b) PPC may, at its option, sublease the Terminal as agent of HOLT for the balance of the Term of this Agreement and receive the Base Compensation therefor and apply the same to the payment of any Base Compensation or damage for breach of covenant due by HOLT to PPC under the terms hereof.

(c) In addition to the foregoing remedies, PPC cumulatively shall have all rights, remedies, powers and privileges afforded from time to time by law or in equity.

(d) In the event of any default or breach of covenant by HOLT, PPC shall, except as provided in the following sentence, give written notice thereof to HOLT, and HOLT shall have a period of ten (10) days after receipt of such written notice to cure any monetary breach, including but not limited to replenishment or replacement of the Letter of Credit, and HOLT shall have a period of thirty (30) days after receipt of such written notice to cure any other alleged default or breach of this Agreement. PPC agrees that it will not exercise any remedy for default or breach hereunder, including applying any portion of the Letter of Credit described in Section 3.3 hereof in respect thereof, until after the expiration of the appropriate period, and further agrees that it will not exercise any such

remedy against HOLT if within the appropriate period HOLT (i) cures the default or breach other than the nonpayment of Base Compensation, or (ii) with respect to defaults or breaches other than the nonpayment of Base Compensation and the failure to replenish or replace the Letter of Credit, commences action in good faith within said thirty (30) day period to cure the default or breach of covenant and proceeds diligently and within a reasonable period of time to effect and complete a cure; provided, however, that PPC shall not be required to provide any notice or cure period for monetary default more than three (3) times in any twelve (12) month period.

(e) In exercising any power conferred under this Agreement, either by the entry of an appearance, amicable action or by the entry of judgment in ejectment by confession, HOLT agrees that if a true and correct copy of this Agreement be filed in such proceeding, it shall not be necessary to file the original as a warrant of attorney, any law or rule of court to the contrary notwithstanding.

(f) Any power herein given to enter an amicable action or to appear for and confess and enter judgment against HOLT shall be exercisable any number of times and shall not, under any circumstances, be exhausted by one or more uses thereof. Such power may be exercisable on behalf of any assignee of PPC.

(g) HOLT hereby waives, to the extent any such right may be applicable, the right to three (3) months and

fifteen (15) or thirty (30) days notice required under certain circumstances by the Pennsylvania Landlord and Tenant Act of 1951, as amended, and the benefit of all laws now or hereafter in force with respect to notices to be provided under this Agreement and hereby agrees that the respective notice periods provided for in this Agreement shall be sufficient in any such case.

(h) In creating the warrant of attorney to confess judgment in ejectment, HOLT represents and warrants that it knowingly, intentionally and voluntarily, and on the advice of its separate counsel, has agreed to such remedy and any rights granted thereby to PPC.

(i) For purposes of the remedies under this Agreement, the term "amicable action" shall include the procedure for complaint in confession of judgment in ejectment and other procedures for entering judgment by confession in ejectment under Pennsylvania Rules of Civil Procedure.

19.2 Remedies Cumulative. All of the remedies herein given to PPC and all rights and remedies given to it by law, shall be cumulative and concurrent. No termination of this Agreement or the taking or recovering of the Terminal shall deprive PPC of any of its remedies or actions against HOLT for all arrears of Base Compensation or for damages, or for the breach of any covenant herein contained, nor shall the bringing of any action for arrears of Base Compensation or breach of covenant, or the resort to any other remedy herein provided for

the recovery of arrears of Base Compensation be construed as a waiver of the right to obtain possession of the Terminal.

19.3 Expedited Proceedings. Each of PPC and HOLT agree that, if any action is commenced under this Agreement, it will join with the other party in a motion for the imposition of expedited schedules, including without limitation expedited discovery not subject to the customary time periods for responding to discovery requests and for an expedited hearing on the merits, and that it will not oppose any motion by the other party for the imposition of expedited schedules for the disposition of the action, provided that all substantive rights shall be retained.

19.4 Notice and Grace Period.

(a) In the event of any default or breach of covenant or condition of this Agreement by PPC, HOLT shall give written notice thereof to PPC, and PPC shall have a period of ten (10) days after receipt of such written notice to cure any monetary breach, and PPC shall have a period of thirty (30) days after receipt of such written notice to cure any other alleged default or breach of this Agreement. HOLT agrees that it will not exercise any remedy for default or breach of this Agreement by PPC until after the expiration of the appropriate period, and further agrees that it will not exercise any remedy against PPC if within the appropriate period PPC (i) cures the default or breach, or (ii) with respect to defaults or breaches other than the nonpayment of money, commences action in good faith within